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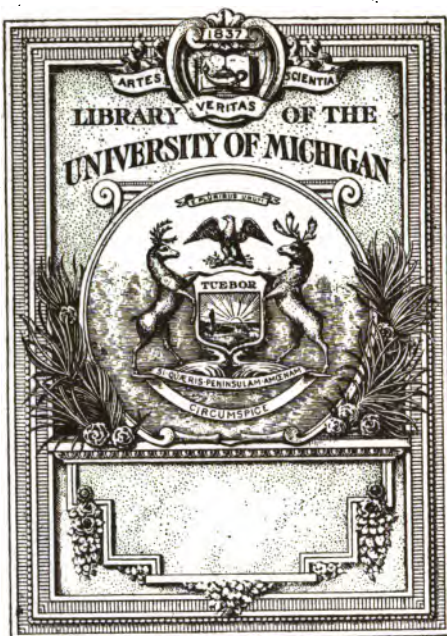
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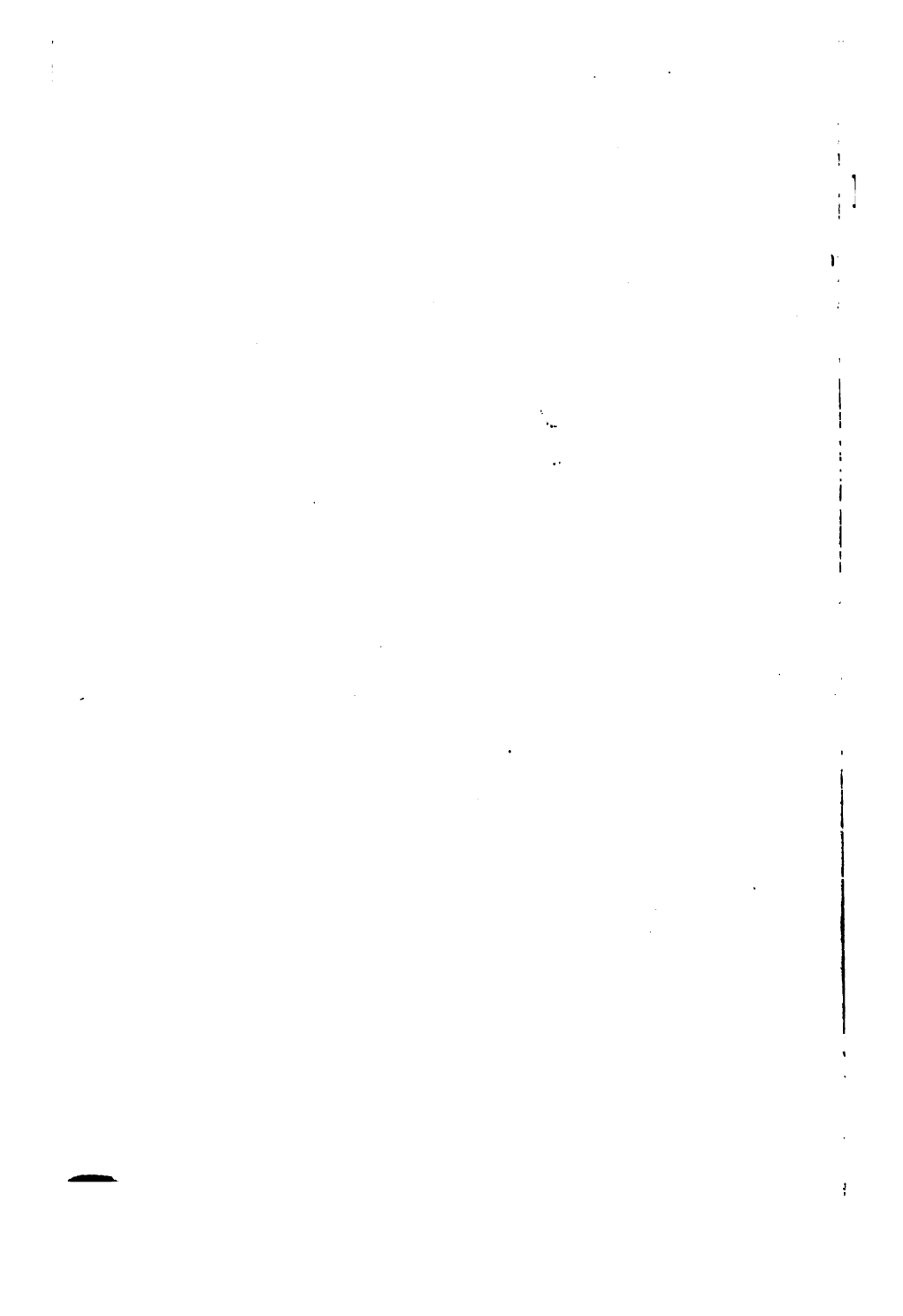
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THE PLACE OF AGRICULTURE IN RECONSTRUCTION

*A Study of National Programs of
Land Settlement*

BY

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TO THOSE
SOLDIERS, SAILORS AND MARINES
WHO WOULD BECOME
FARMERS
AND THEREBY PROMOTE
NATIONAL PROSPERITY AND SOCIAL PROGRESS,
THIS BOOK
IS
HOPEFULLY DEDICATED

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PREFACE

One of the primary purposes of this book has been to formulate a practical program of land settlement in the United States for discharged soldiers, sailors and marines.

In studying the material for such a program, the object held in view was to ascertain the elements which make for success in farming under ordinary conditions. To induce men to take up agriculture as if they were entering the gateway to the Promised Land, without taking into consideration all the possibilities of failure as well as of success, is simply to invite misfortune and lend assistance to social unrest. Consequently, the basis of successful farming is considered as to climate, crops, live stock, land, labor, capital and credit.

Nor has the study been confined to discharged service men from the military and naval forces of our own country and our allies in the great war. Rather the inquiry has been broadened to show the present and future needs of agriculture and the factors which make for success therein. This applies to all who may engage in farming as a means of earning a living.

Where the study is directly related to discharged

service men, the term "soldier" has been used to embrace any line of military, naval, or war work. So far as service to the country and humanity is concerned, they are all entitled to equal consideration. When these men and women change their uniforms for civilian clothes, there is no distinction between soldiers, sailors, marines, or war workers of various descriptions. They are all citizens of a common country; they are all "soldiers" in the struggle for the maintenance of civilization. It is with this broad meaning in mind that the term "soldier" has been used in this work.

The proposed programs of land settlement for soldiers in other countries have been studied with a view of setting forth a practical plan of land settlement in the United States. Our country will be passing through a critical period of its history. The foundations of society and of civilization are being tested to the utmost. The peace of nations as well as the peace of the world is at stake. The part that agriculture plays in maintaining national welfare has been discussed and incidentally the foundations of a stable, progressive national life have been intimated. But it would have led me too far afield from my present thesis to have enlarged upon the topic of social progress in its relation to the peace of the world. That study has been reserved for a subsequent volume.

For material relating to foreign programs of land

settlement and reconstruction, the writer is greatly indebted to the officials of Canada, Great Britain, Australia, New Zealand, France and other countries who kindly placed at his disposal the government documents bearing on the retraining of disabled soldiers in agricultural and related lines of work as well as those dealing with actual land settlement schemes and proposed methods of financing them. In this connection particular mention is made of Hon. R. E. Prothero, chairman of the Board of Agriculture and Fisheries, London; his Excellency, Hon. Jules Jusserand, French Ambassador to the United States, who generously cabled to Paris for laws and related documents on the above subjects; and M. Sartiges, the secretary of the French Embassy, who very graciously compared my translations with the original documents and made several serviceable corrections. Only by such aid was the preparation of this book made possible and the fact is hereby gratefully acknowledged.

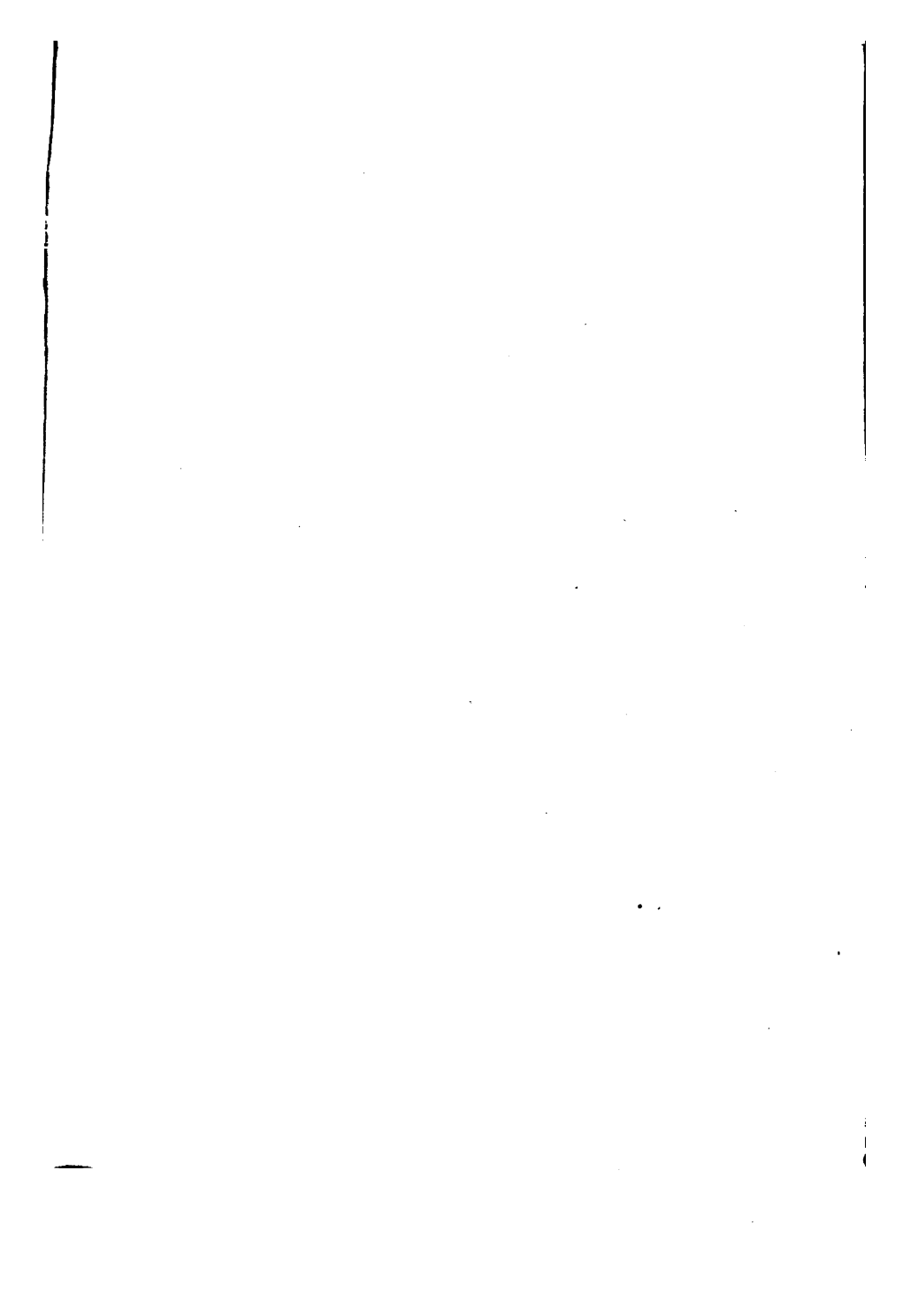
With the great problems of reconstruction the nations of the earth will wrestle for a long time to come. If this little book shall play its part in throwing some light on reconstruction and in giving encouragement to those who would take up farming for a living, my task will not have been in vain.

J. B. M.

Kensington, Md.,
May, 1919.

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CHAPTER I.—LABOR PROBLEMS ON THE RETURN OF PEACE

With the advent of peace, what shall be done with our returned soldiers? That is one of the most important questions facing the world to-day.

Statesmen cannot shut their eyes to the fact that a period of industrial stagnation is likely to occur when nations are at peace once more and address their energies to the readjustment of their labor forces. Such a condition seems almost inevitable. For, in addition to the cessation of many industries due to the war which has resulted in new adjustments of labor, the enormous business of manufacturing war supplies will cease. Also the wheels of many industries related to war supplies will revolve no more. Consequently, large numbers of well-paid men now regularly employed will be thrown on the labor market.

The labor problem will be intensified because women have been slowly taking the places of men in industrial and other pursuits during the past few years. In the public civil service, also, girls and women have not only been doing work formerly done by boys and men, but their number has been in-

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creased by thousands. They have forsaken their customary employment to take up work directly or indirectly connected with the war.

There will have to be new adjustments of all these labor forces when the war is over. These adjustments will ramify into every economic enterprise and every form of social service. The labor problem in intensified form we must face in the future. Statesmen recognize it and are looking forward to find a satisfactory solution of the problem. For it is one that will be with us, not for a month or a year, but probably for many years before anything like normal industrial and business conditions will prevail.

To these economic and industrial conditions there will be added the return of millions of soldiers and other war workers, male and female. At the call of their country these men and women left the school and university, the desk, factory and field, and every walk of professional life. The returned soldiers and war workers will have a large place in the hearts of their fellow citizens. For them proper provision should be made in the way of employment and home-making. They will doubtless need and yearn for both. And the question is—What part can the government play in meeting all these conditions and contingencies?

The countries at war have not been idle in formulating plans for the training and absorption of this great influx of labor forces. The problem has been

thrust upon them. Thousands of wounded and maimed soldiers have been returned to their own lands and, when recovered, have found themselves unfitted to earn their living at their previous occupations. They have had to be trained anew, to be fitted with specially devised artificial limbs in order to perform manual labor. Blind soldiers have been made to see, as it were, by being taught to weave rugs and baskets and to learn many other useful occupations. Vocational training had to be undertaken for both the lame and the blind. The object was to fit men for the general industrial life of modern society.

But all these mediums for training will only intensify the industrial labor problem. This fact is recognized. The governments of the allied nations have long had the subject of labor adjustment after the war under consideration. Trade unions, labor organizations, the socialist labor party, and similar bodies have passed resolutions and issued manifestos relating to the problems of employment and unemployment after the war. It is a matter of profound public interest. The British Labor Party and the Interallied Socialists have both attempted to formulate constructive programs for the guidance of legislators in the various countries. Mr. Arthur Henderson, England's foremost socialist and former member of the British cabinet, speaking for his socialist group, has declared that "the task of finding

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employment for disbanded fighting men and discharged munition workers we regard as a national obligation. We shall see to it that work is found for all, that the work is productive and socially useful, and that standard rates of wages shall be paid for this work."

A Suggested Socialist Program

The Interallied Socialist and Labor Conference held at London in the spring of 1918, which was attended by delegates from Great Britain, France, Italy, Belgium, South Africa, Rumania, and the South Slavic States, took up the subject of post-war industrial labor problems in great detail. In the manifesto issued by that conference the following program is presented for the employment of returned soldiers and sailors in public works and the restoration of devastated areas:

"The Interallied Conference insists that, in view of the probable world-wide shortage, after the war, of exportable foodstuffs and raw materials, and of merchant shipping, it is imperative, in order to prevent the most serious hardships, and even possible famine, in one country or another, that systematic arrangements should be made on an international basis for the allocation and conveyance of the available exportable surpluses of these commodities to the different countries, in proportion, not to their purchasing powers, but to their several pressing

needs; and that, within each country, the government must for some time maintain its control of the most indispensable commodities, in order to secure their appropriation, not in a competitive market mainly to the richer classes in proportion to their means, but systematically to meet the most urgent needs of the whole community on the principle of 'no cake for any one until all have bread.'

"Moreover, it cannot but be anticipated that, in all countries, the dislocation of industry attendant on peace, the instant discharge of millions of munition makers and workers in war trades, and the demobilization of millions of soldiers—in face of the scarcity of industrial capital, the shortage of raw materials, and the insecurity of commercial enterprise—will, unless prompt and energetic action be taken by the several governments, plunge a large part of the wage-earning population into all the miseries of unemployment more or less prolonged. In view of the fact that widespread unemployment in any country, like a famine, is an injury not to that country alone, but impoverishes also the rest of the world, the conference holds that it is the duty of every government to take immediate action, not merely to relieve the unemployed, when unemployment has set in, but actually, so far as may be practicable, to prevent the occurrence of unemployment. It, therefore, urges upon the labor parties of every country the necessity of their pressing upon their

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governments the preparation of plans for the execution of all the innumerable public works (such as the making and repairing of roads, railways, and waterways, the erection of schools and public buildings, the provision of working-class dwellings, and the reclamation and afforestation of land) that will be required in the near future, not for the sake of finding measures of relief for the unemployed, but with a view to these works being undertaken at such a rate in each locality as will suffice, together with the various capitalist enterprises that may be in progress, to maintain at a fairly uniform level year by year, and throughout each year, the aggregate demand for labor and thus prevent there being any unemployed.

“It is now known that in this way it is quite possible for any government to prevent, if it chooses, the occurrence of any widespread or prolonged involuntary unemployment, which, if it is now in any country allowed to occur, is as much the result of government neglect as is any epidemic disease.

“The Interallied Conference holds that one of the most imperative duties of all countries immediately peace is declared will be the restoration, so far as may be possible, of the homes, farms, factories, public buildings, and means of communication wherever destroyed by war operations; that the restoration should not be limited to compensation for public buildings, capitalist undertakings, and ma-

terial property proved to be destroyed or damaged, but should be extended to setting up the wage earners and peasants themselves in homes and employment; and that, to insure the full and impartial application of these principles, the assessment and distribution of the compensation, so far as the cost is contributed by any international fund, should be made under the direction of an international commission."

It will be observed that this program deals almost wholly with public service enterprises and very little with industry and agriculture. In the latter case the labor of returned soldiers and sailors is to be used in reclamation projects, land afforestation, and the restoration of farms. The problems are stated, but no definite plan is conceived and expressed for raising the funds to render the program effective.

How Labor Unions View the Problem

The laboring classes in Great Britain have clearly recognized the problems which will confront them not only immediately after the return of peace, but for at least 10 years thereafter. The British Labor Party is a powerful organization. It represents about 2,416,000 trade unionists, 146 trade councils, 93 local labor parties, 10,000 members of the British Socialist Party, 35,000 members of the Independent Labor Party, and 2,140 Fabian socialists. These

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statistics show that there are some 50,000 socialist members out of nearly two-and-a-half millions of union workers.

The British Labor Party met in June, 1918, for the purpose of drawing up a program of reconstruction. One of the planks of its program was government control of the nation's agricultural land. It was clearly realized that cessation of the war meant a flooding of the labor market not only with hosts of discharged industrial war workers, but also with millions of demobilized soldiers. The resolution of the congress bearing on these features was as follows:

"This conference, realizing the grave industrial conditions which will take place with demobilization, demands that the same careful preparation and the same sort of provision should be made in advance for a systematic replacing in situations and for adequate maintenance until situations are found with regard to the three million civil workers in war trades, and male or female substitutes for men now with the colors, as for the five millions to be discharged from the army."

Here, then, was a proposal aiming at the socialization of industry. War workers and soldiers discharged from their duties are to be provided with employment at rates of wages which would in no way diminish the prevailing standard of living. The government is to be used for changing capitalistic

competition into socialistic cooperation. This attitude is more clearly expressed in the following resolutions:

“(1) It should be made clear to employers that any attempt to reduce the prevailing rates of wages when peace comes, or to take advantage of the dislocation of demobilization to make worse the condition of labor, will certainly lead to embittered industrial strifes which will be in the highest degree detrimental to the national interests; and the government should therefore take all possible steps to avert such a calamity.

“(2) The government should not only, as the greatest employer of labor, set a good example in this respect, but should also seek to influence employers by proclaiming in advance that it will not attempt to lower the standard rates or conditions in public employment, by announcing that it will insist on the most rigorous observance of the fair wages clause in public contracts, and by recommending every local authority to adopt the same policy.”

The attitude of the British Labor Party was radical. Its policy not only aimed to consider industrial labor problems in advance of the return of peace and to insist on the maintenance of the rates of wages prevailing in all industries in 1918, but its program demanded the prevention of unemployment altogether. This was a stupendous proposal. It takes no cognizance of the law of supply and demand

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nor of the financial difficulties in the way of its execution. It is taken for granted that a demand for labor can be created in many public service enterprises which will absorb a vast number of workers, and those not employed can be supported at public expense. The language of the resolution is as follows:

“The conference cannot ignore the likelihood that the years immediately following the war will include periods of grave dislocation of profit-making industry, now in this trade or locality and now in that, when many thousands of willing workers will, if matters are left to private capitalism, probably be walking the streets in search of employment; that it is accordingly the duty of the ministry, before demobilization is actually begun, so to arrange the next ten years’ program of national and local government works and services—including housing, schools, roads, railways, canals, harbors, afforestation, reclamation, etc.—as to be able to put this program in hand, at such a rate and in such districts as any temporary congestion of the labor market may require; that it is high time that the government laid aside the pretense that it has no responsibility for preventing unemployment; that now that it is known that all that is required to prevent the occurrence of any widespread or lasting unemployment is that the aggregate total demand for labor should be maintained, year in and year out, at an

approximately even level, and that this can be secured by nothing more difficult or more revolutionary than a sensible distribution of the public orders for works and services so as to keep always up to the prescribed total the aggregate public and capitalist demand for labor, together with the prohibition of overtime in excess of the prescribed normal working day, there is no excuse for any government which allows such a grave social calamity as widespread or lasting unemployment ever to occur.

“To meet the needs of individuals temporarily out of work, the Labor Party holds that the best provision is the out-of-work pay of a strong trade union, duly supplemented by the government subvention guaranteed by Part II of the insurance act; . . . that this subvention ought to be increased so as to amount to at least half the weekly allowance; and that, for the succor of those for whom trade union organization is not available, the state unemployment benefit raised to an adequate sum should be made universally applicable in all industries and occupations where objection is not taken by the trade union concerned to the compulsory inclusion of its members.”

Provision for Soldiers and Sailors

These resolutions plainly pertain to industrial workers of whom there are many millions in Great Britain. They are all to be provided with work or

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financial aid in the process of the socialization of industry during the reconstruction period. This is estimated to last at least ten years. But the problem is intensified by the return of millions of discharged soldiers and sailors. Are these forgotten in the program of economic and social reconstruction? By no means. Many of the soldiers and sailors left their trades to take up arms and will seek employment again in those trades when demobilized. The British Labor Party recognized this fact and passed the following resolution:

“The conference realizes that, as soon as peace is assured, the position of the soldier or sailor will be one of great peril; that, whilst his services to the nation will be effusively praised, and promises will be made for a generous provision for his needs, there is only too much reason to fear that, unless a strong and continuous effort is made, both in Parliament and in the localities, administrative parsimony and red-tape will deprive many thousands of what is justly due to them.

“The conference accordingly holds that it is imperative that the provision to be made on demobilization should not only be worked out in detail immediately, but that it should be published for general information, so that omissions may be detected, mistakes rectified, and every one made acquainted with the steps to be taken.

“The conference, noting the month's furlough,

gratuity, free railway ticket, and a year's unemployment benefit if out of work already promised to the soldier, urges that—

“(1) There should be no gap between the cessation of his pay and separation allowance and the beginning of his unemployment benefit.

“(2) That this special ex-soldier's unemployment benefit given to all should be additional to any unemployment benefit under the National Insurance Act, to which many men are already entitled in respect of contributions deducted from their wages.

“(3) That the amount of the unemployment benefit should not be the present starvation pittance of 7s. per week,¹ but at least approaching to the combined separation and rations allowances.

“(4) That, in view of the change in the value of money, the gratuity (which should be made payable through the Post Office Savings Bank) ought to be £20² for the private.

“The conference feels, however, that what the soldiers will most seriously look to is not the sum of money doled out to them, but the provision made for ensuring them situations appropriate to their capacities and desires; it declares that this duty of placing the demobilized soldier within reach of a suitable situation at the trade union standard rate is

¹ A little less than \$2.00 a week.

² About \$100.

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one for the government itself to discharge, without the intervention of charity or philanthropy.

“And the conference demands that the government should at once complete and make known the organization projected for fulfilling this duty, including appropriate arrangements for enabling such of the men as wish it to obtain small holdings, for others to get such training for new occupations as they require, and for all to secure such posts in productive work or service as they are capable of filling, or, in the alternative, to be maintained until such posts can be found.”

Here, then, we have the problems of industrial readjustment after the war plainly set forth from the viewpoint of the British laboring classes. It contemplates a shifting of the burden of operating the government from one shoulder to the other—from the cost of war to the cost of industry. The enormous indebtedness which the British people through its government have had to assume, and which will increase by millions of pounds every week the war continues, will necessarily increase greatly under such a program as above outlined.¹ It overlooks entirely the most difficult of all financial problems, namely, how to redeem colossal indebtedness without colossal taxation. In fact, the program of the British Labor Party would irrevocably commit the

¹ Estimated by the Mechanics and Metals National Bank of New York at \$40,000,000,000 on January 1, 1919.

empire to a continuing and growing indebtedness without any plan of redemption whatsoever. It could only possibly terminate in one way—the economic ruin of the country and its financial bankruptcy. Such a policy resembles very closely that which brought about the economic and political collapse of Russia with all its attendant anarchy and bloodshed.

Reconstruction in Devastated Countries

Labor problems in France, Belgium and Serbia after the war will be altogether different from what they are in Great Britain, Italy, Canada and the United States. The latter countries have not been devastated; the former countries have been. To the readjustment of industrial labor forces which must inevitably occur in devastated countries will be added the problems of reconstruction of homes, farms, factories, commercial enterprises and villages destroyed during the German occupation.

To a certain extent reconstruction in France, Belgium and Serbia will relieve the congested labor market providing a satisfactory credit system is devised and put into effect. Thousands of discharged war workers and soldiers can be used in the work of reconstructing damaged and destroyed roads, bridges, private properties and villages. As a matter of fact, problems of reconstruction in those countries are attracting more attention than indus-

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trial labor problems. Many books have already been issued dealing with different aspects of reconstruction. The heart of the problem is recognized as the need of money or credit for providing necessary materials. The land will be there and labor will be in abundance, but capital will be scarce or altogether lacking. The problems of reconstruction are so enormous that they are beyond the means of private or corporate capital. The only alternative is the nation itself as embodied in its government. For many years after the war is over, the governments of the devastated countries will need to borrow money or tax their people to provide funds for reconstruction. If the burden becomes too great for the people of the devastated countries to bear alone, other more favored nations must come to their assistance not only to protect the credit already supplied during the war, but to enable the occupants of those regions to become producers of wealth and thereby sooner or later place themselves in a position to repay all their indebtedness. This is the great problem in those countries where the German invasion has been longest endured and most destructive.

Several recent French books dealing with industrial and reconstruction problems maintain the thesis that the work of readjustment after the war will require as much preparation and detailed care as are given to military, productive and adminis-

trative adjustments during the war. Owing, however, to the enormous amount of property which has been wrecked or destroyed, France has been able to conceive only the barest outlines of the stupendous task of reconstruction that awaits her.

Among these writers stands out prominently André Lebon, formerly minister of commerce, and, at the time of writing, president of the Federation of Manufacturers and Merchants. His viewpoint is the opposite of organized labor; its program he brands as the fruitage of "the pernicious influence of socialism." Lebon mourns over the fact that there was complete absence of any financial preparation for peace up to the end of 1917; but he recognizes the great problems of French industrial relations after the war and portrays them as follows:

"There is no doubt that our soldiers of to-day, our workers of yesterday and of to-morrow, will return with an immense need for rest and relaxation. Yet, driven by the force of circumstances, it will be necessary to ask them for an increase in exertion. They will come back with the desire to live well, and, for several years after the war, will find a more difficult and strenuous life than they experienced at the front. They will return with the desire to share wages as high at least as those they now know are earned in war munition plants by their wives, their sisters, their daughters, and even by minors.

"This demand, even though it may not be justified

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by the economic situation at that time, will seem right to them because of the high cost of living which is likely to survive for several years after the war. But these men will find themselves in conflict with employers who, having been deprived of their normal markets during the war, will have difficulty in adjusting their equipment to the demands of peace and to secure raw materials sufficient in volume to assure a full-time operation of their plants.

"These employers will quite naturally seek to reduce the cost of production. They will not always remember that the greatest economies in manufacture are derived from the installation of modern machinery and from a division of labor and its organization, which result in an almost incredible output of goods without a corresponding additional amount of exertion on the part of the workers. Such employers will tend to resist wages."

To these tendencies will be added the employment of women which will complicate the industrial problems after the war. While engaged in war industries they have acquired economic independence. Their industrial, executive, and initiative capacities have only recently been discovered by industrial managers and operators. Neither the manufacturers nor the women employees will give up present arrangements in order to reinstate the old industrial order.

And what thoughtful men foresee as to the future

industrial problems in France are true in greater degree as to Belgium and Serbia. In those countries the problems are not so much concerned with industry and reconstruction as with actual rehabilitation. Nor can these countries renew themselves without aid from more-favored nations. For the preservation of human rights and liberty, Belgium and Serbia went through the long and dark valley of desolation and death. They sacrificed all. To what extent their heroic struggle and sacrifice saved the world from the rod and yoke of the oppressor will never be known. But liberty-loving nations owe them a debt of gratitude for their sorrows and sufferings—a debt that can only be partly paid by financial and other aid which will enable their people to restore themselves to a position of honor, independence and prosperity such as they enjoyed among civilized nations before the war.

In the work of preparing for the labor problems of peace, France has reeducated many disabled soldiers. Special arm appliances have been invented for useful purposes in industrial work. In fact, France was the first of the allies to make adequate provision for the vocational training of war cripples.

The work began in Lyons in December, 1914. Three days after the organization of this school the first pupil was admitted. From this small beginning, there has grown up an organized system which,

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in 1918, comprised more than one hundred vocational institutions for training disabled soldiers.

Canada's Labor Problems

For several years the Dominion of Canada has been face to face with the problem of readjusting her labor forces. Early in 1915 it was recognized that it was absolutely necessary to conserve all the man-power possible, not only to supply the Dominion's needs during the war, but also for the continuance of agriculture, industry and commerce after the war.

The year 1915 opened with a large number of returned soldiers who were permanently injured. As the men continued to come back in increasing numbers, it was found that many soldiers were so disabled that they would be unable to follow their previous occupations. The Dominion government, therefore, was compelled to provide adequate means and facilities for the training of disabled men for future industrial activities.

Canada's program of readjustment of her labor forces has been one of evolution. In the matter of retraining, the order-in-council which placed this work under direct government control is very specific and reads as follows:

"Any member of the Canadian expeditionary force who has been so disabled in the line of duty that he can no longer pursue his former occupation

is entitled to a retraining course which will fit him for earning a living at some kind of work at which his disability will not disqualify him."

The reeducation courses which have been approved and organized for returned soldiers number approximately two hundred. They include both industrial and agricultural lines of work. On account of the vast extent of territory, adapted and devoted to agriculture and stock raising in Canada, as compared with her limited number of industrial centers, the problem has mainly consisted in providing reeducation courses in mixed farming, stock raising, market gardening and farm mechanics.

But even in the matter of industrial reeducation it was early found that the training afforded by the ordinary technical schools of Canada was too limited in scope. The lines of work open to disabled soldiers were too few in number to meet their needs. Moreover, to have continued the training of large numbers of men in a limited number of occupations would have resulted in so over-crowding the labor market in a few trades and industries that the soldiers would soon have come in competition with themselves. Industrial surveys, therefore, were undertaken by the government with a view of enabling the returned soldier to receive a training of an educational nature, which would not only meet his needs and inclinations, but would prepare him to take his place in the general industrial life of the

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Dominion. Even while a disabled soldier is under the control of the Army Medical Corps, he is carefully studied prior to his discharge with a view of ascertaining his qualifications for any particular line of work. In some cases the preliminary work of a disabled soldier's reeducation is begun before he leaves the hospital.

After three years' experience in the vocational training of disabled soldiers for industrial life, the Canadian government came to the conclusion that a new department, separate and distinct from all military control, was absolutely essential for fitting veterans for a renewal of their civil life. This conviction resulted in the creation, in March, 1918, of the Soldiers' Civil Reestablishment Department with a representative in the cabinet. The new department was given control of all matters pertaining to the care, employment and education of returned soldiers, the work of vocational training being placed under the control of the Invalided Soldiers' Commission. This is a civilian organization which takes up the work of a soldier's industrial reeducation after his discharge from the army.

The Invalided Soldiers' Commission was an outgrowth of an inter-provincial conference held at Ottawa in October, 1915. The object of that conference was to formulate a plan to find employment in various trades for discharged soldiers who were

physically fit to take such employment. From time to time similar conferences were held in which the provinces pledged themselves to assume responsibility for the employment of returned soldiers.

The program thus outlined is preparatory to the labor problem which is foreseen when demobilization actually occurs. Each province is to form its own industrial or employment center which will act in cooperation with the central government Soldiers' Civil Reestablishment Department. The object is to group the trades by various industries and classify all occupations in such groups. These classifications, with their figures, will be made available to the military officials. On the return of peace a census of all men in the army will be taken, information being procured as to each one's occupation, the industrial group to which he belongs, and the locality to which he wishes to return.

By having this plan coordinated by the central government, uniformity in methods and procedure will be secured throughout Canada. The government, through a labor or statistical bureau, will be able to look after the requirements of the labor market in such a way that the labor supply will be adjusted to the labor demand in different parts of the country.

Soldiers, war workers, and others are classified into three groups: (1) Those who will return to

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their previous occupations; (2) those who must have employment in a particular locality because of home, business, financial, or other obligations; and (3) those who will go anywhere to find work. An active propaganda campaign has long been conducted at the Canadian Discharge Depot at Buxton, England, with a view of impressing upon the men not only their future responsibilities, but also the absolute necessity, if disabled, of their learning a new trade and, if not disabled, of returning to active civil life as soon as possible. At the same time effort is being made to bring about a sympathetic relationship between industrial employers and trade groups and organizations so that there will be no industrial strife over wages now that the military struggle has been brought to an end, and when all Canadian soldiers have been returned.

Problems Confronting the United States

With the prospect of our country having about two million soldiers to demobilize when peace is declared and other war workers thrown on the labor market who will be forced to seek other lines of employment, the need of a definite program for handling our labor forces is well recognized. The care and reeducation of disabled soldiers, the number of whom constantly increased with the prolongation of the war, has brought home to our own people some conception of the stupendous problems which confront us as a

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nation.¹ The first task is that of caring for those disabled industrial and economic units whose sacrifice in loss of limb in behalf of human rights and justice can never be wholly repaid by any service of reeducation which the government undertakes for them.

A program for retraining disabled soldiers to fit them to take their place again in our economic life is well under way. On January 14, 1918, a conference was held in Washington, D. C., to discuss the matter and a bill was introduced into Congress which called for the creation of an inter-departmental commission to be known as the Board of Vocational Rehabilitation. This bill appropriated \$10,000,000 for the work, but required that disabled soldiers should attend certain vocational training schools, thus permitting little or no choice to the soldier to determine for himself his future trade or calling. His means of earning a living was to be prescribed for him, and proper courses for his training were provided with compensation while learning his new trade.

This first bill did not prove satisfactory. Consequently, on April 8, 1918, a revised bill was introduced in the Senate by Hon. Hoke Smith of Georgia, was soon passed by Congress, and was signed by the President on June 27, 1918. This act provides that

¹On March 1, 1919, no less than 18,878 men interested in retraining had signed blanks sent out by the Federal Board for Vocational Education.

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the reeducation of disabled soldiers shall not be compulsory, but a matter of choice on the individual's part, so that he will work with greater interest to fit himself for some line of industrial service. When his training under the Federal Board for Vocational Education is completed, it is the proposed policy of the government to find him a position at his new trade or calling. Where disabled soldiers or sailors have no trade, they are to be given the first chance to fill civil service positions in all the nations allied with the United States.

While our own country has not been invaded so as to require the reconstruction of villages and towns as in Belgium, France and Serbia, Congress soon foresaw the many problems connected with the return of peace. On October 2, 1918, a concurrent resolution was passed which provided for the establishment of a Joint Congressional Committee on Reconstruction composed of six senators and six representatives. That the problems involved would take a long time to solve is shown by the fact that the resolution provided that no senator or congressman should be eligible for membership on the committee, who had not been elected to serve in the Sixty-sixth Congress, and that such membership should terminate with the service in Congress of any member so appointed. Since the Sixty-sixth Congress will not terminate until March, 1921, it was evidently anticipated that such a committee would

have an active existence of not less than two years within which to prepare a reconstructive program involving the adjustment of labor to agriculture, industry, trade and commerce when peace should be restored.

As regards our demobilized soldiers and sailors, the congressional resolution makes two provisions only. The committee is authorized (1) to investigate problems affecting labor with a view of utilizing discharged soldiers and sailors in civil employments; and (2) to consider the problems relating to agriculture which should include "the allotment of lands to returned soldiers and sailors and their establishment in new homes on the public domain." The contemplated program of the joint committee, however, is a most extensive one and covers practically every phase of our economic and social life. This is shown by the following brief summary of the problems to be investigated and reported to Congress from time to time, with such recommendations as to any future legislation the committee may deem advisable in addition to those above mentioned relating particularly to soldiers and sailors. The subjects to be considered include:

1. Problems affecting labor, such as unemployment which may follow the war; conciliation and arbitration of labor disputes; relation of men and women in similar employments; substitution of female employees for male and vice versa; feasibility

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of organizing permanent employment agencies; requirements for labor after the war, both in agricultural and industrial occupations; distribution of labor; and employment of surplus labor on public works of which the construction or completion has been suspended due to the war.

2. Problems affecting capital and credit, such as matters relating to trusts and combinations; federal loans to private enterprises; and federal supervision of capital issues.

3. Problems affecting public utilities, such as the establishment of a railroad policy after the war, and the relation of the Interstate Commerce Commission to the railroads; and all questions relating to communication by wire.

4. Problems resulting from the demobilization of our industrial and military war resources, such as the disposal of surplus government properties and supplies in this country and abroad; the conversion of munition industries into those of peace; the demobilization of the war strength of the army and navy, and the disposition of the men who have been in the service; and the demobilization of civilian war workers.

5. Problems affecting our foreign trade, such as the development of new markets; combinations for the purpose of increasing our selling facilities; and changes in our banking facilities necessary to co-operate with such trade.

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6. Problems affecting the continuance of existing industries and the establishment of new industries, such as the supply and control of raw materials; the encouragement of the production in the United States of articles that have not been made in this country heretofore; the encouragement of private enterprise in the development of the resources of the public domain; and the utilization of a tariff on imports as a means to protect and encourage home industries.

7. Problems relating to agriculture, such as the advisability of continuing price fixing of food products after the war; federal loans to farmers; and distribution of food products.

8. Problems affecting the adequate production and effective distribution of coal, gasoline, and other fuels; shipping, including shipyards and the sale, ownership or leasing of both yards and ships; housing conditions and disposition of houses constructed by the government during the war; the repeal, extension, or amendment of war legislation now on the statute books; and, lastly, all matters necessarily arising during the change from the activities of war to the pursuits of peace.

The Outlook on Social Life

The preceding review of the problems which confront many nations after the war gives us a vantage ground from which to look into the future. The

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first thing apparent is that our economic and social life will be undergoing radical changes for many years to come. No program which has been proposed by any nation anticipates that national life will approach a normal condition until the lapse of at least ten years. The problems are stupendous both as to time involved and their successful execution. They include the rehabilitation of some countries, the reconstruction of community life, the production of food and raw materials of manufactures, the transportation of supplies, the readjustment of labor forces, satisfactory provision for discharged soldiers and sailors, and the continuance of taxation, indebtedness, and credit.

Another noticeable feature is the large part which the labor problem occupies in the outlook on our coming social life. The demobilization of millions of men from the army and navy, the great majority of whom will enter into competition with millions of others discharged from war and related industries, will create a condition in the labor market hitherto unprecedented in the history of our country. And the question which looms large, in view of future labor conditions, is, How can our soldiers and sailors be quickly absorbed as active productive units in the economic and social life of the nation?

In seeking to answer this question thoughtful minds naturally turn to the land as a means of utilizing a vast army of men. It is recognized that agri-

culture and land settlement can play—yea, rather, must play—an important part in the readjustment of productive labor forces now that this great war has terminated. It is equally certain that a program should be prepared; that a definite course of action should be mapped out; and that there should be no delay in settling soldiers and sailors on the land after demobilization. This in itself is a stupendous problem. It has its difficulties; but it also has its promises for the welfare and happiness of our future farmers. Let us proceed, therefore, to point out to what extent agriculture has been advocated as a partial solution of the future labor problem and what it actually offers as a means of absorbing a large number of demobilized soldiers and sailors. At the same time let us endeavor to see what is the exact nature of the problem which confronts nations on the return of peace, and what are the conditions which make for the success or failure of any land settlement or colonization scheme for ex-service men.

CHAPTER II.—THE ROMAN LAND SETTLEMENT SYSTEM FOR SOLDIERS AND ITS LESSONS

In a letter to President Wilson dated May 31, 1918, the Secretary of the Interior said the time had come to prepare plans for providing opportunity for our soldiers returning from the war, stating the problem in the following language:

“Every country has found itself face to face with this situation at the close of a great war. From Rome under Cæsar to France under Napoleon, down even to our own Civil War, the problem arose as to what could be done with the soldiers to be mustered out of military service.”

Since this is a problem confronting many nations at the present time, and which will have to be considered for several years to come with a view of its satisfactory solution, one of the first steps would seem to be to study the past in order to prepare for the future. Cultivation of the soil has always been adopted as a means of absorbing large numbers of discharged military men. This is being advocated for our soldiers and sailors now that the European war is over. With this object in view, what lesson

does a nation like Rome teach us about land settlement by soldiers? Can we learn anything from Rome's experience which will be of service to the allied nations in establishing a land settlement scheme for ex-service men? These are the questions we shall try to answer in the present chapter, with a view of ascertaining whether or not the problem stated by the Secretary of the Interior is simple or complex in character.

Farmers as Roman Soldiers

In the early days of the Roman commonwealth only citizens were admitted into the army. The tribunes were the officers who had choice of the soldiery from all citizens between seventeen and forty-five years of age.

But not every citizen was deemed worthy of being chosen a soldier. In those days, even as at present, city life seemed to sap the vitality of many young men so that they were unable to stand the hardships of military life and were excluded from the army. By the institution of the census under Servius Tullius, the whole Roman people were divided into distinct classes founded on the value of their estates. The sixth or lowest class was called the *proletarius*, from which term our word proletariat is derived, which is so commonly used in current socialistic literature. A citizen of this class possessed little or no property and he was not allowed

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to serve in the army. His usefulness to the state consisted only in supplying the commonwealth with children.

The Romans were for having soldiers whose real interest in the prosperity and preservation of the state would prompt them to act with zeal in its defense. For this reason their best soldiers were farmers. All of them were landowners, having their own farms on which they lived in times of peace and which they cultivated themselves with the aid of members of their family. Thus, when called into the service of their country as soldiers, they were accustomed not only to the hard labor of cultivating the soil, but to endure sunshine and rain, heat and cold, to handle heavy instruments, to dig drainage ditches, and to carry heavy burdens. As a matter of fact, when these farmers entered the service as soldiers they simply changed their arms and tools, came with strong bodies accustomed to labor, and were used to the fatigues of the field.

At the time of the commonwealth war had become the active profession of the Roman people. As soon as the youth reached the age for bearing arms, which was seventeen years, they were all obliged to prepare themselves for active service, military training being made a part of their education. In Rome itself there was set aside a space of ground called the Campus Martius, in which the new recruits were trained for all the branches of the service. After

their drills they plunged into the River Tiber to accustom themselves to swimming and to refresh themselves. In these ways they were constantly prepared for active military service and the Roman commonwealth was never obliged, on any sudden emergency, to commit its honor and safety to a raw undisciplined army. The state had always a sufficient number of men in readiness, trained and habituated to the hardships of war, for recruiting its armies. But of all its recruits, the farmers from the outlying districts made the best Roman soldiers.

Allotments of Land to Soldiers

One of the inducements to service in the military forces of the commonwealth was the free distribution of land made at the close of a successful war. The founders of Rome had taken care to make an equal distribution of land. At that time the Romans were an agricultural people. Each head of a family cultivated his own piece of land and lived thereon. But as the city of Rome grew in population and war became its dominant purpose, allotments of land were made to individuals upon the condition of their serving the state in her wars. By this means it became the interest of every citizen of the commonwealth to exert himself to the utmost in the defense of the soil of which he was part owner. These allotments of land were made so long as it was available for distribution.

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With the growth in population, however, the time came when there was no longer any state land for distribution without seizing the land of neighboring cities. In those days states were simply cities with outlying rural districts cultivated primarily to furnish their food supplies and other domestic goods. The growth of Rome, then, began with the exploitation of her own lands to maintain a military system, and the growth continued by seizing and exploiting the lands which belonged to other states with which she came into conflict.

When Rome conquered another city she confiscated a portion of her victim's territory. This land was disposed of in four ways:

- (1) After expelling the owners, Rome sent some of her own citizens to establish colonies. But since these colonists were either soldiers or the poorest class of citizens, they were invariably poorly supplied with the capital necessary for the proper and successful cultivation of the soil.

- (2) The government sold part of the land. In this case plans were made of the dimensions and boundaries of the land sold, the records being made on tablets of bronze, which were kept by the state.

- (3) Private citizens were allowed to occupy part of the land on the payment of "vectigal," a share of the produce. In this case though the government did not surrender the title to the land, the state per-

mitted the possessors to use it as their private property for purchase, sale and succession.

(4) A part of the land was kept as common pasture land for those to whom it had been given or sold, or by whom it was occupied, and those who used it paid "scriptura," a tax of so much per head on the cattle for the grazing of which they made returns to the state.

This irregular system was fruitful in evil which resulted in constant agitation for land reform. It suited the rich landowners, with whom this plan originated, for they alone reaped the benefits of it. For the poor soldier or citizen without money, it was hopeless to occupy land distant from Rome. The settler who did so would either involve himself in debt or the flocks of his richer neighbors would overrun his fields and destroy his crops. If he complained, they might run him off altogether by force or even seize him and enroll him as a slave.

Under the commonwealth, in proportion as the public domain increased by means of war, it was the constant practise of the Roman senate to allot part of the conquered lands for the use of returning soldiers and the poorer citizens by dividing it equally among them. But neither soldiers nor citizens had the capital necessary for the proper cultivation of the soil in order to become prosperous farmers. The state did not undertake to provide her soldiers with financial aid after they had been settled on the land

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nor to protect them against usurious money lenders. When they had been granted land, the soldiers were left to their own resources with the result that few of them were ever able to live thereon as independent landowning farmers.

Roman Soldiers as Farmers

But the difficulties were intensified because of taxation. The business of a state cannot be conducted without the people having to foot the bills. In the case of Rome, the land thus allotted to her returned soldiers was subject to a tax which had to be paid in money. Being thus doubly oppressed by a lack of capital and a land tax, the small landowning soldier farmer was invariably forced to borrow money at a high rate of interest. Hence arose among the soldiers settled on the land a class of rural debtors whose only recourse was frequently to sell their land to wealthy owners of large estates. When this occurred, the Roman soldiers could no longer be classed as farmers, for they had neither land nor occupation. They could not find employment as free farm laborers because the large landowners owned slaves and operated their estates with this class of labor. So the soldiers with their families would drift back to Rome or to other cities, where they increased the number of the lowest class of citizens, the so-called proletarius. When the state, therefore, undertook to establish soldiers on the land without

providing for their proper training, their protection against usurers, or their sufficient capitalization, the soldiers failed completely as farmers.

On the other hand, the large landed estates gradually became ever larger as the small soldier farms were absorbed therein. Thus originated the so-called "latifundia," or large estates, which were cultivated by slaves or used for cattle grazing. As a matter of fact, the tilled land on the Italian peninsula grew less and less, because Rome began to import her cereal supplies from the provinces and free rural labor slowly disappeared altogether as slave labor took its place.

The Agrarian Struggles

The decline of the Roman democratic commonwealth cannot be separated from its land settlement problem. At Rome, also, agitation for social reform was generally agrarian, and the great agrarian revolution under the Gracchi cannot be clearly conceived apart from the history of the public land.

So long as there were new conquests and additional land was seized for distribution, the discharged soldiers were for a time kept contented. But when there was peace for long periods and no new acquisitions of land in Italy, the people began to agitate for a redistribution of the land, which had been largely absorbed by the rich landowners. There was a demand for new land legislation. We find

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the leaders of the dispossessed, living as the submerged sixth or lowest class in the city of Rome, constantly agitating for an agrarian law and contriving means to check the devices of those who endeavored to elude it.

Under the commonwealth the avowed patrons of liberty considered a satisfactory agrarian law the main bulwark of the state, and they were ever sounding in the ears of senators the troubles to which they were exposing themselves and threatening the welfare of the state by its violation. "Tell me," Tiberius Gracchus could say to the senate, "which is the more valuable character, that of a citizen or that of a perpetual slave? Who is more useful, a soldier or a man entirely unfit for war? Will you, merely for the sake of enjoying a few more acres of land than your humbler fellow-citizens, lay aside the hopes of conquering the rest of the world or see yourselves dispossessed by the enemy of those very lands which you refuse to us?"

The agitation at the time of the Gracchi (133-121 B.C.) resulted in a change being brought about in the distribution of land. The agrarian proposal of Tiberius Gracchus was that each family should be allotted 30 jugera of land.¹ But again no further efforts were made to provide operating capital for the new occupiers, both soldiers and citizens. It was

¹ A jugerum equals 28,800 square feet; an acre consists of 43,560 square feet. An allotment, therefore, at this time amounted to about 20 acres of land.

not long under these conditions before the new landowners had sold their small holdings and again joined the discontented hosts of Rome's proletariat. It becomes evident, therefore, that the mere allotment of land to soldiers is not a safe or sufficient assurance of land settlement and productive agriculture.

With the growth of wealth on one hand and an increase in the proletariat in the cities on the other hand, the agrarian struggles became a poor outlet for a crude state land settlement policy. The avarice of the rich and the financial needs of the farmer soldiers occasioned the land to become the property of a few citizens. Arts and trades were introduced to supply the wants of the rich and to furnish employment for the poor. But in either agriculture or the trades few soldiers or free citizens were engaged. For the revenues from the lands, which earlier had been employed to support free landowners, were now wholly expended on slaves who labored to produce food and luxuries for the new landowning proprietors. But if either Tiberius or Caius Gracchus had succeeded in their scheme of reforming the land settlement policy of the Roman commonwealth, the loss of liberty, with all the consequent miseries which befell the state, might have been prevented. But their untimely fate discouraged others from following in their footsteps by endeavoring to establish a more rational system of land set-

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tlement by soldiers and citizens. As a result, instead of being defended by her own legions, the commonwealth became a prey to them. In this there is no cause for surprise considering the fact that the soldiers no longer had any property in the state, but might hope to acquire more from its overthrow than by its preservation. They were easily led, therefore, to conspire to its fall. Taken all together these were the elements which largely contributed to the ruin of Rome and Italy.

Land Settlement a Complex Problem

As stated before, the problem raised by demobilization of armies and navies is not a new one. A great difference, however, between past wars and the European war is the number of men involved and the larger problems which must be met for many years after the return of peace. But at the end of all wars the first question which has always arisen has been How to find employment for the men who were mustered out of military service?

This question was always before the Roman senate and it is now uppermost in the thought of those upon whom the responsibility of modern government has been placed. It is believed that the experience of past wars points out the lesson that soldiers and sailors, because of the open-air activity of military service, will desire to continue such out-of-door work as farming and stock raising offer. This fact is large-

ly accepted by labor organizations and the governments of the allied nations. But the problem is more than that of simply taking up land and beginning life anew. For the factors of production are land, labor and capital. In settling soldiers and sailors on the land, there must be taken into consideration not only the problem of providing land, but also the adaptability of the man for any particular line of farm work and the method of financing him in his new occupation. This lesson is clearly taught by the experience of Rome. To put men on the land and leave them there without any other care or consideration is to doom such land settlement scheme to failure from the beginning. No sound program, therefore, can be formulated without a careful consideration of all three factors of wealth production in their relation to demobilization and land settlement by our soldiers and sailors.

Another lesson plainly shown is that the problem necessarily varies in different countries, and is exceedingly complex in character. It is taken for granted that demobilization will furnish an abundance of labor. The question which will confront the nations during and after the period of demobilization is How to provide land and capital for the large number of workers who may desire to engage in productive agriculture?

The three things to consider are:

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(1) The amount and kind of land available for distribution or settlement.

(2) The adaptability of the ex-service settler for the kind of agriculture practised in any particular country of Europe or for carrying on the different types of farming and stock raising in countries like Canada and the United States, where land areas are more extensive.

(3) The amount of capital available to the individual settlers and a satisfactory method of providing capital for ex-service men in order that they might operate their farms successfully.

With these factors of the problem before us, as deduced from the long experience of the Roman commonwealth, let us see what the nations at war have done or propose to do in their attempts to establish land settlement schemes for soldiers and sailors on a solid foundation.

CHAPTER III. — PROPOSED SYSTEMS OF LAND SETTLEMENT IN GREAT BRITAIN

The schemes for land settlement by ex-service men of the British Empire may be viewed from two standpoints, namely, that of the labor unions and that of the government. As representing a large part of the industrial workers of Great Britain, a scheme of land nationalization is advocated by the British Labor Party. The government on the other hand has set in motion an individual small-holdings system of farms for soldiers and sailors as well as the cooperative operation of large farms on a profit-sharing basis. The strength and the weakness of these two systems will be discussed in the present chapter.

A Radical Program by British Labor

One of the planks of the British Labor Party is government control of the nation's agricultural land. This in itself is a stupendous undertaking. It looks almost like confiscation, since no plan of acquiring the land is proposed. The object is to give every soldier or sailor a farm holding who may choose that line of occupation. In this proposition

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no consideration is given to the adaptability of the man for the work or to the method of financing the occupant until he becomes self-supporting.

The confiscatory nature of this plan is shown by the party's attitude toward land taxation. In fact it is proposed to revise the whole system of British land taxation "so that, by the direct taxation of the unearned increment of land values, effect should be given to the fact that the land of the nation which has been defended by the lives and sufferings of its people, shall belong to the nation, and be used for the nation's benefit."

Evidently this program proposes a system of land nationalization as the first step in providing farms for returned soldiers and sailors. But the program of the British Labor Party goes much farther. It advocates the reconstruction of agriculture and rural life without any regard whatever to the economics of the problem. Here follows the program in full:

"1. The conference [of the British Labor Party] regards the present arrangements for the production and distribution of food in this country, and the life to which many thousands of country dwellers are condemned, as nothing short of a national disgrace and as needing to be radically altered without delay.

"2. It is essential that the government should resume control of the nation's agricultural land, and ensure its utilization not for rent, not for game, not

for the social amenity of a small social class, not even for obtaining the largest percentage of the capital employed, but solely with a view to the production of the largest possible portion of the foodstuffs required by the population of these islands under conditions allowing of a good life to the rural population and at a price not exceeding that for which foodstuffs can be bought from other lands.

“3. This end can probably best be attained by a combination of (1) government farms, administered on a large scale with the utmost use of machinery; (2) small holdings made accessible to practical agriculturists; (3) municipal enterprises in agriculture, in conjunction with municipal institutions of various kinds, milk depots, sewage works, etc.; and (4) farms let to cooperative societies and other tenants, under covenants requiring the kind of cultivation desired.

“4. Under all systems the agricultural laborer must be secured a healthy and commodious cottage, with sufficient garden ground, the opportunity of getting an accessible allotment, and, when he so desires, a small holding, together with a wage continuously adequate for the requirements of body and mind.

“5. The conference suggests that the distribution of foodstuffs in the towns—from milk and meat to bread and vegetables—should, with equitable compensation for all interests expropriated and per-

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sons displaced, be taken out of the hands of the present multiplicity of dealers and shopkeepers, and organized by consumers, cooperative societies, and the local authorities working in conjunction."

Here, then, in outline is a proposal to establish soldiers and sailors on farms under a system of land nationalization so far as production is concerned, and a cooperative commonwealth in the matter of food distribution. The present multiplicity of dealers and shopkeepers thus displaced must be provided for by "equitable compensation." This is dismissing the financial end of the great problem of land settlement by returned military men with two words. It does not take into consideration the matter of continuing taxation, increasing national debt, and the payment of interest thereon.

From the standpoint of the general welfare, these are no less important problems than those connected with establishing soldiers and sailors on the land. Taxation is simply the reflex of government expenditures. When the latter, because of extraordinary emergencies such as the European war, can only be partly met by immediate taxation, recourse must be had to national debt, the interest on which becomes either an additional necessity for increasing existing taxation or results in a more rapid increase in the debt itself. Nations like individuals must either pay their debts with interest or repudiate them. The former hitherto has been the practise of civilized

nations; the latter is an important step toward national anarchy.

Evidently no satisfactory program of land settlement by returned military men can be devised without taking into consideration all three factors of the land, the man, and the capital. Possibly the most important of these factors is that of capitalization. The problem is to avoid an increase of taxation or of debt while accomplishing the recognized benefits of land settlement. The object is to keep the machinery of civilized government running as smoothly and as cheaply as possible, even under the most difficult of labor problems which demobilization will not only bring into existence, but which will continue for many years after peace has been declared. Such a task cannot be accomplished without serious thought and most careful consideration. The world is not desirous of witnessing among the allied nations another such a disastrous economic and political revolution as took place in Russia, where it was sought to accomplish a cooperative commonwealth by the mere *ipse dixit* of a few irresponsible men. The promise of successful land settlement lies not in revolution but in due consideration of economic laws which make for the most stable communal and national life.

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The British Government Plan

As stated before, the government scheme for land settlement by ex-service men of the British Empire includes an individual small holdings system and the operation of large farms on a profit-sharing basis.

Under the Small Holdings Colonies Act, approved August 23, 1916, authority is given to the Board of Agriculture and Fisheries to acquire and manage land for experimental small holding colonies. But the total area of land that could be acquired was not to exceed six thousand acres in England and Wales together and two thousand acres in Scotland.

It was soon realized that the amount of land authorized to be acquired was far too limited to serve the purposes intended. Consequently the act was amended in July, 1918, to permit the board to acquire sixty thousand acres in England and Wales and twenty thousand acres in Scotland.

The object was to encourage land settlement by persons who had served in the naval or military forces of the British Empire in the European war, either as individuals or by the formation or extension of societies on a cooperative or co-partnership basis. The board was authorized to promote the establishment or profitable working of holdings whether in relation to the purchase of requisites, the sale of produce, credit banking, insurance, or otherwise, and to assist any such society by making

grants or advances, or guaranteeing advances made to the society, upon such terms and conditions as to rate of interest and repayment or otherwise, and on such security as the board may think fit. The board was also authorized to transfer to any such society the whole or any portion of any colony of small holdings provided for under the act.

In the case of individuals the law authorized the board "to sell or exchange the land so that the purchase money on the sale of a small holding to a person willing himself to cultivate the holding may be made payable in periodical instalments or otherwise as the Treasury may direct."

By the end of June, 1918, the board had acquired three estates in England and one in Wales for the purpose of giving a trial to land settlement by ex-service men under a colony system. In England the estates contained 2,363, 1,000, and 1,150 acres, respectively; while in Wales the estate acquired contained 1,345 acres.

The distinctive feature of this plan was its communal or cooperative basis for the promotion of the advantages of rural social life, cooperative buying and selling of produce, and the joint use of horses, implements and machinery. It was proposed that the settlers should work on a colony either as individual small holders or as members of a community which would share the profits derived from operating the colony as one large farm.

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As a general rule each applicant was required to work as an ordinary wage-earning farm laborer until such time as the board was satisfied that he was a suitable person to remain at the colony. During such period he was to be considered as being on probation. Where an occupant had received previous farm training, the period of probation need not be enforced.

The British government plan of land settlement by soldiers and sailors thus embodied two kinds of colony, each with a distinct method of operation. One was the individual small holding method, the other was the profit-sharing system.

1. *Individual small holdings.* Under this system the colony is operated as one large farm under the management of a director. Selected applicants are employed as farm laborers, at the rate of wages current in the district, for such period of probation as is deemed necessary.

At the end of the training period any approved applicant is allotted as much land as he is likely to cultivate successfully by his own effort and at a reasonable but economic rent. If this land area is not sufficient to enable an occupant to obtain a living therefrom, he has the privilege of working part of his time at day-laborer's wages either on the undivided portion of the colony land or on other farms in the district. When his growing ability and capital

justify an increase in his land area, he is allotted more land until he has a farm large enough, when properly cultivated, to support himself and family thereon.

But even when all the land on each estate intended for small holdings has been taken up, a certain portion is to be retained as a central farm under the management of a director. This colony farm is to be equipped with sufficient machinery, implements, horses and so on to let on hire to occupants who may require them.

In matters connected with the operation and management of their holdings and the disposal of their products, the advice and assistance of the farm director is always available to settlers. Moreover, a cooperative depôt is established for each colony, through which occupants may purchase their agricultural and domestic requirements, as well as dispose of their products.

The manner of capitalizing these settlements avoids every semblance of paternalism. The government makes no direct advances of capital to ex-service men who take up small holdings. It is expected that industrious men, when not possessed of sufficient capital to take up an economic holding, will start as farm laborers on the central farm and cultivate a small acreage on their own account at the same time. In this way it is hoped to train them so that they will gradually increase the land area under

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their own control until it becomes an economic holding and they can support themselves and their families entirely from that source.

In the selection of settlers for these colonies, preference is given as between men of equal capital, merit and qualifications, to those whose wives or other relatives have acquired some knowledge of farm work as a result of their employment on the land either before or during the war.

2. *Profit-sharing farms.* Under this system a colony is managed by a director as one farm, the occupants being employed by him as farm laborers at the current rate of wages for the district, but receiving in addition a share of any profits arising out of the farming operations.

If an occupant so desires, however, he is provided with about one-half acre of land adjoining or near his cottage. If he raises any surplus products, he is also helped to sell it.

The practical working of the profit-sharing system is as follows: The current rate of interest at $5\frac{1}{2}$ per cent is first deducted and charged against the capital investment. Then the operating expenses of the farm, the rent, taxes, cost of repairs, and other annual charges are paid, and a percentage of the income is placed in a reserve fund. The balance of the income is divided as profits between capital, management, and labor. The dividend allotted to

the farm laborers is in proportion to the amount already paid out to them during the year as wages.

Farm settlers under the colony system are entitled to invest any portion of their share of the profits or any other money in the capital of the farm. These shares are entitled to interest at the current rate of $5\frac{1}{2}$ per cent. Should settlers who hold capital shares leave the farm, or in case of their death, the shares are repaid to them or their heirs.

The estate of 2,363 acres near Patrington in East Yorkshire is being operated on the profit-sharing plan, the land being especially adapted for wheat raising and general mixed farming. Eventually, however, a limited number of settlers will be provided with separate small farms on a portion of the estate after they have served a period of probation as farm laborers.

The 1,000-acre farm is situated near Holbeach, South Lincolnshire, the land being especially suitable for the production of fruit, potatoes, and market garden or truck crops. This farm is operated on the individual small holding system, with 80 farms each about 10 acres in size. Each of these small farms is equipped with a cottage and the necessary building equipment.

The other estate acquired in England consists of 1,150 acres, is situated near Newport, Shropshire, and the soil is adapted to market gardening and dairying. This estate is operated partly on the in-

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dividual small holding plan and partly on the profit-sharing system. Each small farm will average about 20 acres in size and will be properly equipped as above described.

The colony in Wales comprises an estate of 1,345 acres of rich alluvial soil, situated at Pembrey on the coast of Carmarthenshire. It is near good markets and is suitable for market gardening and dairying. This colony is operated on the individual small holding system.

In establishing these experimental colony systems the British government is avoiding as much as possible the idea of paternalism. Discharged soldiers and sailors are instructed in the principles and practise of different lines of agricultural and horticultural pursuits, including general farming, market gardening, fruit culture, dairying, poultry raising, and other lines of intensive crop production. The object is to train these men to become self-reliant farm owners and operators on holdings large enough to maintain themselves and their families. During their period of training or probation the settlers work as farm laborers at the current rate of wages. The British government makes no direct advances of capital to these prospective farm settlers at any period of their work and occupancy. In other words, the ex-service men earn what they get as wages and no element of philanthropy whatsoever enters into these land settlement schemes.

3. *Lines of work for disabled men.* The problem of finding places for training in agriculture of disabled men is entrusted primarily to local war pensions committees. Notwithstanding the growth of industrialism in Great Britain and its limited land area, agriculture still employs a far larger number of men than any other single industry in the country.

A large number who left the land to serve in the fighting forces of the empire have fallen during the war, thus depleting the number that originally were capable of performing farm labor. It is also feared that many men who formerly worked on the land may take to other occupations or emigrate to the Dominion countries. There is the prospect, therefore, that there will be a scarcity of farm labor after the war and that every effort should be made to enlist disabled men to learn and engage in some branch of agriculture.

As regards disabled men, the British government takes the position that those who have had previous agricultural experience will in most cases be the best judges how far they will be able to resume their former work or in what other lines of farm work their previous experience will be of service to them. In view of the great demand for agricultural labor, there is little likelihood that men who have had experience in farm work will have any difficulty in find-

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ing employment at their particular kind of work, except in cases of serious disablement.

For those unfamiliar with agricultural pursuits the difficulties will naturally be greater. But agriculture and related industries offer many kinds of openings, some of which are well adapted for partially disabled men. Among these may be mentioned agricultural motor tractor work, general farm labor, dairying, forestry, horticulture, market gardening, fruit growing, poultry raising, and bee keeping. The British government, therefore, has planned to give disabled men the privilege of being trained along any of these lines which their inclinations and injuries best fit them to practise most successfully.

Farm Work. The work of a general farm laborer is not regarded as suitable for men suffering from any serious physical disability. It not only involves a large amount of heavy labor, but renders one liable to long exposure to inclement weather. At the same time, the comparative quiet of country life and the open-air conditions seem to be especially advisable for men suffering from shell shock or other nervous derangement.

So far as general farm work is concerned, it is believed that there is only a limited opening for disabled men and that the possibility of obtaining work in any specialized form of employment depends largely upon local conditions and markets. Local committees are therefore urged to institute inquiries

as to the suitability of the employment, the number of applicants, and the extent of the demand for laborers in their own and adjoining districts.

Dairying. In Great Britain there is a great demand for men experienced in the care of cows and in milking. Many farms near thriving towns specialize in milk production and partially disabled men can find work on these farms at good wages.

The duties on such dairy farms include the feeding of cows, light normal labor in preparing beet pulp, mixing and distribution of feeding stuffs, cleaning of cow sheds, carrying litter for bedding, weighing of churns, and similar work. Most of this labor is performed indoors.

Besides the work of milk production, there is also a demand for men to undertake milk distribution. If hand carts are used, this work can be done by men who have lost an arm; but, after a short training in driving, the distribution of milk by horse and wagon can be undertaken by men who have lost a leg. Any man who shows signs of tuberculosis is regarded as unfit for any branch of dairying in Great Britain and would not be trained for these lines of work.

Forestry. The continuance of the war revealed the necessity of extending the forest area of the United Kingdom. After the war there is likely to be a great increase in forestry work, particularly in Scotland. But for those heavier tasks connected

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with forestry work, such as the felling of trees, it is not probable that many disabled men would find themselves equal to the tasks. At the same time it is recognized that they could perform satisfactorily many of the lighter tasks, such as lopping limbs and dressing of fallen timber, piling and burning brush and other débris on cut-over areas, gathering and saving the wood ashes for fertilizer and other industrial purposes, planting young trees in reforested areas, and many forms of tree nursery work. The lighter forms of outdoor forestry work are well suited to tuberculous men. Arrangements have been made to place disabled men in the government woods and on private estates. In this connection facilities are provided for selected men to take courses of instruction at forestry schools. On completing the course it is believed that the most efficient men will have no difficulty in securing permanent employment as foresters.

Horticulture. This branch of agriculture offers many possibilities for disabled men. The demand for unskilled laborers to work in private gardens is not large, but it is maintained that, after the war, there will be a growing demand for practical gardeners. Disabled men must look upon the first year of employment as a period of apprenticeship, during which time the wages would not be large. But when practical horticultural experience has been acquired, the prospects for higher wages would im-

prove rapidly. While the prospects in flower and shrub nurseries are equally good, the opportunities for employment are not as numerous.

Market gardening. In this line of work the demand for unskilled labor in Great Britain is good and quite general. After a year's training and experience the prospects of employment are favorable. The government, however, recommends that disabled men, unless they possess at least \$1000 of capital, should not be encouraged to take up market gardening as a calling. Even with this much capital, it is believed that the only avenue to success is practical training under competent gardeners for at least two years.

In this connection there are openings for employment in certain districts for the raising of tomatoes, cucumbers, fruits, cut flowers and similar special products in glass hot-houses.

Fruit growing. Great Britain offers few opportunities for disabled men in fruit culture. But in a few of the fruit-growing districts, as in the county of Kent, the prospects for employment are particularly good for a long season if the men have had the experience and can do such light duties as pruning, grafting, spraying, picking, sorting, packing, and shipping.

Poultry raising. Under normal conditions poultry raising may be made a profitable business, especially when conducted in connection with some other line of

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agricultural work, such as gardening or fruit culture. But applicants are urged to take some special training to fit themselves for poultry keeping. The present high price for poultry feeds, however, has led to a great reduction in the number of modern poultry plants, so that the opportunities for acquiring experience in poultry culture are very limited in Great Britain.

Bee keeping. In the case of bee keeping, this should be practised in connection with fruit raising or gardening. Training should be had with a practical bee keeper. But the prevalence of diseases among bees renders the industry more or less precarious, and it is not recommended by the government except in connection with some other means of livelihood.

4. *Training and financial aid.* In a pamphlet issued by the British government, the following broad statement is made regarding agricultural work for disabled soldiers and sailors:

“Speaking generally, no form of institutional training is needed in connection with work on the land. On farms and market gardens much of the work is of a varied but simple manual type, the exact nature and object of which is constantly changing from season to season and which only requires a few simple directions to be capably performed by

a man whose disablement is not absolutely crippling."

At the same time attention is called to the fact that there are a number of more or less skilled occupations on farms which require special knowledge and aptitude, and that practise and experience are the only means of acquiring this special training. Among such occupations mention may be made of the management of horses in cultivation, the seasonal operations of pruning, grafting and spraying fruit trees, the care of dairy cows, the making of butter and cheese, and similar specialized lines of farm work. In many such branches of agriculture training and experience are advantageous and even essential. But taking the whole field of the agricultural industry, the work can be acquired by those possessed of average intelligence who have a taste for it.

It is also generally recognized that what is chiefly needed is that those disabled men who wish to take up farm work should receive expert advice and guidance at first in order that they may find out the particular lines of work for which they are best fitted both physically and temperamentally. The government's task is to provide the training that is necessary to fit them for their chosen occupation.

In Great Britain the duty of providing this training falls primarily on the local war pensions committees who, by availing themselves of the necessary

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expert agricultural advice, will decide whether a disabled man should or should not be encouraged to take up land or enter upon a particular line of farm work. When a committee has decided that an applicant is fit to take up some line of farming, it should make arrangements to place him with an experienced farmer in his chosen location. In this connection local war pensions committees have the advice of agricultural organizers of county councils and the agricultural executive committees. If possible arrangements are made for periodical visits to the men to learn how they are progressing.

In the comparatively few cases where the local war pensions committees think that a special institutional course of training should be given, but have not made direct arrangements for the purpose with an agricultural college or similar institution recognized by the Board of Agriculture, the latter is prepared, in consultation with the Ministry of Pensions, to provide such facilities as are necessary and can be given. A number of agricultural educational institutions are designated to provide this special training for disabled ex-service men. Such special courses, however, are restricted to men who either can provide sufficient capital to enable them to take up some line of agriculture or horticulture as a business, or who have prospects of employment in responsible positions connected with the land.

A disabled man, if eligible for governmental train-

ing, receives during his course a minimum allowance of \$7.00 a week, or a larger sum in accordance with his rank. If he is married and his training requires him to live away from home, he is allowed an additional minimum sum of \$3.50 a week for his wife, or a larger sum in accordance with his rank. If he has children he is granted additional allowances of \$1.75 a week for the first child, \$1.25 for the second, and \$1.00 for each subsequent child. These are all personal allowances for maintenance.

But if a disabled man's training requires the payment of fees, these are also paid by the government. And, finally, on the satisfactory completion of the course of instruction an amount equal to \$1.25 for each week the training has lasted is paid to each man as a bonus for satisfactory attendance and progress. Notwithstanding these opportunities and advantages, toward the close of 1918 the number of disabled men who had offered themselves for training in agriculture was comparatively small owing to the fact, no doubt, that they could obtain employment at higher wages in many of the depleted urban industries.

5. *Wages and hours of work.* The period during which these allowances are paid varies according to the kind of farm or garden work undertaken, but usually does not exceed six months. It has been deemed advisable, however, to require that dis-

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abled men who take up market gardening, horticulture, and similar pursuits should receive instruction in the operations adapted to all seasons of the year. This is arranged by placing men who have had six months' training with employers who will undertake to give continuous instruction while paying reasonable wages. This attitude is expected of employers as a patriotic duty in view of the manifest evidence of personal sacrifice which has been made by the disabled man whom he employs.

As a rule, however, the wages paid in agricultural pursuits are not as high as those which prevail in towns or cities, while the hours of labor are apt to be irregular and long. But these working conditions are more than offset by the simpler and healthier conditions of country life as compared with town or city, while the standard of living is better and its cost much less.

In connection with the regulation of wages and hours of labor in agriculture, the British government passed a law which authorizes the Agricultural Wages Board to fix the minimum rates of wages in all departments of agriculture and forestry and to determine the number of hours which constitute a day's work for which not less than said minimum rates of wages shall be paid. These duties must not only necessarily take some time, but, on account of the precariousness of the agricultural industry, fixing minimum rates of wages for the various lines

of farming and gardening applicable to all parts of Great Britain is a difficult task. In the meantime, the law requires employers to pay as wages not less than \$6.25 a week to an able-bodied man, the latter being one who is not incapable of doing the work of a normally efficient farm hand by reason of age, mental infirmity, or physical injury.

When once minimum wages and hours of labor have been fixed, however, employers may not pay wages lower than the fixed rates. But the Agricultural Wages Board has authority to issue permits exempting from this provision employers of men whom they consider incapable of earning the minimum rate of wages because of any mental or physical infirmity. Finally the Board of Agriculture is authorized to require district wages committees to submit to the board for decision in cases of doubt the rate of wages which any employer should pay to any individual disabled man.

CHAPTER IV.—ANALYSIS OF THE LAND SETTLEMENT PROBLEM IN GREAT BRITAIN

The preceding chapter shows that the British government plan of settling discharged and disabled soldiers and sailors on the land is based largely on strict business principles. So far as able-bodied men are concerned, there is little or no paternalism and no excessive financial cost is laid upon the government for the training of disabled ex-service men and fitting them to take their place anew as efficient economic units in the production of wealth. The period of financial allowances for the disabled man and his family is not to exceed six months, the sums allowed are deemed sufficient to cover about the actual cost of maintenance only, and no provision at all is made for aiding ex-service men to become landowners.

In its land settlement schemes the policy adopted by the British government has been that of fitting men to find remunerative employment in some line of farming, gardening, poultry keeping, and kindred lines of work without prolonging the need of high government expenditures and consequent high tax-

ation for any great length of time. It is an attempt to prepare the way for a return to normal economic and social life as quickly as possible.

But of the three factors of wealth production, the labor factor is the only one in Great Britain which offers little or no difficulty. Already there have been some applications for training in agricultural pursuits and the purchase of small farms or garden holdings, but it is expected that there will be a much greater demand for farms by soldiers and sailors after the war. The problem of land settlement in Great Britain, therefore, centers in the two phases of providing both land and capital for ex-service men who may desire to take up some phase of farm life. Let us now consider these two aspects of the problem.

A Limited Land Area for Exploitation

The British Isles contain a little less than 121,000 square miles of territory and have a population approximating 45,000,000. Of this area England and Wales together contain 58,310 square miles and have a population of about 33,500,000.

In order to indicate the problem of land settlement in England and Wales, the two countries of Great Britain concerning which the latest statistics are alone available, let us take one of our own states with practically the same extent of territory. The state of Florida has an area of 58,666 square miles,

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but a population in 1910 of approximately 752,600 only. Imagine, then, the state of Florida with a population about 45 times as numerous as at present and we may reach some conception of the great problem of land settlement so far as the area of England and Wales is concerned. The total amount of land available for farming is much too small to provide the food supplies of the kingdom, while the area that can be taken over or acquired for land settlement by soldiers and sailors is so limited that the problem is intensified a hundred-fold compared to what it is in the United States.

The size of farms is also a matter for serious consideration. In the year 1914, which was not affected by the war so far as area under cultivation is concerned, the total area under crops and grass in England and Wales was 27,114,000 acres, while the area of holdings above 1 acre and not exceeding 50 acres in size was 4,286,000 acres. Thus nearly 16 per cent of the land under cultivation and in grass in England and Wales are in small gardens and farms less than 50 acres in size.

During the war there was a great increase in the cultivated area as compared with the land in grass. In a speech in the House of Commons on July 18, 1918, Hon. R. E. Prothero, chairman of the Board of Agriculture, said that the arable area had increased in 1917 by 2,142,000 acres. Of this area, the cultivation of wheat was increased by 752,000

acres, barley 158,000 acres, oats 735,000 acres, rye, peas and beans 280,000 acres, and potatoes 217,000 acres. This increase in arable area was brought about by a great number of small farmers rather than of large farmers, notwithstanding there was a severe shortage of farm labor during the year. At the same time the chairman of the Board of Agriculture reported there was "a most substantial improvement in the general standard of farming throughout the country."

When the European war broke out in August, 1914, the Small Holdings and Allotments Act had been in operation in England and Wales for nearly seven years. This law was passed for the purpose of encouraging city and town dwellers to take up life in the country either as tenants or owners, and it went into effect on January 1, 1908. Up to the close of December, 1914, the Board of Agriculture and Fisheries, which had authority to carry out the provisions of the law, had acquired by purchase 139,478 acres at an average price of about £33, or \$160, an acre. In addition the board had leased 58,810 acres, which land was rented to tenants in small holdings. The total amount of land acquired by the board was 198,288 acres in seven years.

These data show the difficulty the Board of Agriculture had for seven years before the war in acquiring land for settlement purposes and the high price at which the land was bought. As a matter of

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fact land for agricultural purposes had slowly increased in value. In 1914 the average price of the land purchased by the board for small holdings was £36, or \$175, an acre; while no less than 13,628 acres of land on which the county councils had options, could not be purchased because the land sold for prices in excess of the limits authorized by the Board of Agriculture. The small amount of land available for purchase in England and Wales, as well as the high land values in those two countries, makes the problem of land settlement by soldiers much harder to solve than in almost any other country in the world. After a careful review of all the facts bearing upon the land problem in Great Britain, the chairman of the Board of Agriculture stated to the House of Commons in July, 1918, that no adequate provision "has yet been made, or even foreshadowed, for the great want there will be for land after demobilization. The board's plans for providing for the wants of demobilized soldiers and sailors have been before the government for some time and are still under consideration."

In the issue of *The Journal of the Board of Agriculture* for February, 1919, p. 1368, a notice sent out by the board declares that "it will probably prove to be physically impossible to acquire, adapt and equip sufficient land to satisfy the total number of likely applicants."

In view of these facts concerning the extent of

land available for farming purposes in Great Britain, how impossible of execution seems the proposed program of the British Labor Party, namely, to nationalize all the land and provide every demobilized soldier or sailor with a farm. The area for exploitation is so limited, the land is so high in price, and the number of demobilized ex-service men who might take up farming or gardening for a post-war means of earning a living may be so large that the whole problem is giving the British government no small concern. The mere *ipse dixit* of any political party, no matter how well-meaning its intentions may be, cannot solve the problem of Great Britain's limited land area in relation to the great labor problem caused by demobilization. The only practical solution of the problem seems to lie not in extensive farming, but in an extension of the allotment scheme for industrial workers and of small holdings for intensive gardening and farming. The Small Holdings Colonies Act of 1916, therefore, is a step in the right direction as a means of absorbing demobilized soldiers who might desire to take up an agricultural mode of life.

Classes of Farm Occupants

This naturally leads us to a consideration of the second essential factor in wealth production, namely, the amount and kind of labor occupied on small holdings. During the seven years of the operation

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of the Small Holdings and Allotments Act before the war, was the tendency of those who took up holdings to become landowners or tenants? Would the average demobilized soldier or sailor in Great Britain be able to take up an economic holding as an owner with land selling at not less than \$160 an acre? The financial condition of the applicant, as well as the high value of the land he seeks to cultivate, would seem to indicate that farm tenancy will increase rather than farm ownership. In this connection let us look at the figures presented by the Board of Agriculture on the operation of small holdings in England and Wales.

Of the 198,288 acres acquired by the Board of Agriculture from 1908 to 1914 inclusive, no less than 178,911 acres were leased to 12,584 individual small holders. This gives an average size for each holding rented to tenants of a little more than 14 acres.

Of the total acreage acquired, only 506 acres were sold to 50 small holders, being an average of slightly more than 10 acres to a holding. Both the number of new landowners and the size of their farms, therefore, were small compared with the total acreage and number of applicants for holdings.

The balance of the land acquired by the Board of Agriculture for small holdings was leased to individuals or cooperative societies. Thus, the councils of county boroughs leased 1,259 acres to 218 individual tenants, an average of 5.8 acres to a holding;

and 8,436 acres were leased to 63 cooperative small holdings associations which sub-leased the land to 1,451 of their members, the average size of the holding in these cases being 5.8 acres also. Private landowners leased directly to 3,580 applicants 47,500 acres, or an average farm of 13 1-3 acres. The land acquired by the board at Bournemouth is leased to 16 individual tenants and one small holding society, the latter leasing 75 acres which are sub-leased to 62 tenants. It appears, therefore, that the act has resulted in providing small gardens or farms to 18,486 applicants in seven years. But of this number less than 2 per cent express a desire to purchase land for agricultural purposes. More than 98 per cent, therefore, of those who occupied land under the Small Holdings and Allotments Act did so as tenants and not as landowners. In 1914 about one-third of those applying for land were farm laborers who desired to increase their income by renting a parcel of land for this purpose.

The annual report on small holdings for 1914 makes the following comments on their size, operation and condition:

“The average size of the holdings provided is 13 acres in England and 30 acres in Wales, the higher average in Wales being due to the poorer quality of the soil. A large number of the tenants are not solely dependent for their livelihood on the holdings provided under the act, as many of them hold in

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addition other land from private landowners and others are engaged for part of their time in different occupations. There are, however, many cases in the market-gardening and fruit-growing districts of tenants who obtain their whole livelihood from holdings of about five acres, and the board has recently been informed of one case in Kent where the tenant has been able to obtain a livelihood for himself, his wife, and three children on a holding of only two acres. . . .

“The number of tenants who gave up their holdings at their own request in 1914 were 253 in England and 13 in Wales, and in many cases the reason was that they had prospered sufficiently to enable them to take larger holdings. Councils gave notice to quit to 86 tenants in England and 2 in Wales, which indicates that the number of tenants who proved unsatisfactory was less than 1 per cent. The board instructed their small holdings commissioners to inspect a number of the schemes which had been established sufficiently long to judge whether they are successful, and the reports on 67 schemes that have been received and tabulated show that out of a total of 428 holdings, the condition of the holdings in 339 cases is good, in 55 cases it is fair, and in 34 cases it is bad. The great majority of the schemes are working satisfactorily and the land has been improved substantially since its acquisition by the councils. Those few schemes which are not so satisfactory mostly

relate to land bought in the early days of the act before councils had acquired much experience, with the result either that the land has proved unsuitable for small holdings, or that the rents are too high, or that the equipment provided is faulty."

This statement shows that the small holdings movement in England and Wales before the war was generally successful whether the occupier was owner or tenant. This was undoubtedly largely due to the fact that the applicants were carefully selected as to their adaptability for the line of farm or garden work chosen, were given free expert advice, and were encouraged to cooperate in the purchase of supplies and the marketing of produce. Moreover, success was attained on small holdings when a great majority of the occupants had formerly lived in towns and cities, and were largely unfamiliar with farming and gardening practises when they took up land for a living. The facts, therefore, point clearly to the conclusion that disabled or discharged soldiers and sailors should have no difficulty in making a living on small holdings if the land can be provided, if they are selected as to their adaptability for a particular line of farm work, if they receive expert advice, and if they are properly and adequately financed.

In the case of the few small holdings which were not so satisfactory, the causes of lack of success were unsuitable land, too high rents, and improper

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equipment. The former is a defect which should be carefully considered in any land-settlement scheme. It would be folly of the worst kind to permit a settler in any country to occupy and plant land to crops for which the soil was partly or altogether unfit for the purpose. The best and most efficient farm laborer in the world could not succeed in farming or gardening under such conditions. If he had a limited amount of capital, which is more than likely to be the case with a disabled and discharged ex-service man, he could not expect to make his living from poor land while attempting its improvement; so that the adaptability of the land for the type of agriculture contemplated is of prime importance in any land settlement scheme for demobilized soldiers and sailors.

The questions of rent and of proper equipment were the other factors which had a bearing on the lack of success of a few small holdings in England and Wales. The average rent of the land leased by the county councils in 1914 for small holding purposes was £1 5s. 6d. an acre. This is practically equivalent to an average rent of \$6.12 an acre—not a high rent for some land if favored with good fertility, transportation facilities, and nearby markets, but quite high if the land does not have these advantages.

Insufficient or improper equipment for gardening or farming would greatly handicap any small holder

and reduce the prospects of success to the minimum. This feature, however, is a question of capital investment and will be considered in connection with the problem of financing ex-service men.

The outbreak of the war had a serious effect on the farm-labor problem in Great Britain. Thousands were called from the farms to take up arms, with the result that the depletion of farm labor, which was at first temporary, has become permanent through enormous losses of men on the battle fields of Europe. Their places have only been partly filled by prisoners and women. In 1918 the whole-time and part-time women workers on the land numbered about 300,000, to whom must be added more than 11,000 women of "the land army." These are women who agreed to work on the land and to go wherever they were sent. They are recruited from all classes of women in Great Britain and the motive force is that of patriotism. They receive a month's training to get their muscles into condition. Then they are sent out on farms, where they have to make sacrifices and endure privations which to some extent are comparable to those of their friends and relations at the front.

Speaking in the House of Commons on July 18, 1918, on the value of the different kinds of farm labor utilized in the place of those lost by the war, Hon. R. E. Prothero said that, no matter what the training, the loss in the quality of farm labor could

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not be made good. "Nothing can replace to the farmer," he said, "the man who knows the land on which he has worked all his life probably, and who knows not only what he has got to do, but how he has got to do it. . . . The new labor was, for the most part, unskilled and inexperienced, and it is quite obvious that dealing with labor of that kind increases expenses very largely. Less work is done, and the work that is done is less efficiently done."

These statements by one who, as chairman of the Board of Agriculture, knows the farm-labor situation in Great Britain thoroughly, show plainly enough that a certain course of training should be given to demobilized soldiers and sailors in order to fit them for successful farming or gardening operations. This will be especially the case with men who have had little or no experience on the land. The success of land settlement after demobilization will depend in no small degree upon the provision made for the efficient training of men for their new occupation as farmers or gardeners.

This fact has been clearly recognized. The report of the committee of the Ministry of Reconstruction on the employment on the land of returned soldiers and sailors states among other things "that men without practical experience should be encouraged in the first instance to work as wage earners;" and that intending small holders "who cannot be accommodated in a small-holding colony should work

as laborers on some well-managed small holding or suitable farm.”¹

Financing Land Settlement Schemes

The last point to be considered is the subject of finance. From a strictly business point of view, land settlement schemes ought to be self-supporting. The program of the British Labor Party for settling soldiers and sailors on the land practically disregards the financial part of the problem of land settlement altogether. This is a fatal error in view of the enormous debt now hanging over the British people and the high values which prevail for land adapted for successful small holdings. Instead of being disregarded, the subject of financing land settlement schemes should be given the most careful consideration.

Fortunately the experience of the British government, both before and during the war, proves that land can be purchased or leased, can be sold or rented to applicants, and can be operated at little or no cost to the taxpayers. It is this aspect of the problem which renders a scheme of land settlement for the demobilized forces of Great Britain so full of promise of success. Let us consider what was the cost of acquiring and operating small holdings before the war and the cost of increasing food pro-

¹ The Journal of the Board of Agriculture, Feb., 1919, p. 1347.

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duction during the war in illustration of successful financial methods of land settlement.

During the seven years preceding the war in which the Small Holdings and Allotments Act was in operation, the total amount authorized to be expended was £5,255,553, of which £4,343,694 was for the purchase of land and £911,859 was for equipment and adaptation. This sum, representing an expenditure of about \$25,542,000, is all capital investment, the value of which exists in the land and equipment.

Some land was sold but most of it was leased to tenants, there being in all 18,486 settlers on small holdings. Under the act the Board of Agriculture is authorized to pay one-half the losses incurred by county councils in carrying out individual or co-operative land settlement schemes. Under this provision of the act, \$3,635 was the sum paid as losses for the seven years ending December 31, 1914, or an average of about \$520 a year. It is interesting to note, however, that most of this loss was incurred because of a thunderstorm and cloudburst in 1909, which damaged the crops and lands of the tenants, and also because the rent had to be remitted in behalf of the tenants on small holdings in Norfolk county in consequence of disastrous floods, which occurred there during the summer of 1912. The forces of nature, therefore, over which farmers have little or no control, were the causes of these small losses

and not any defect in the plan of financing the system of land settlement authorized under the Small Holdings and Allotments Act.

With the outbreak of unrestricted warfare on shipping, the question of the food supply of Great Britain became uppermost. As a result of civil and governmental agitation, a large area of grass land, totaling more than 2,142,000 acres largely in small holdings, was turned into arable land for the production of cereal and root crops used for human food. On account of the shortage of labor, the government resorted to the purchase of farm machinery and practised every means of financing agriculture in order to increase the food supply of the nation. The result was a large outlay of capital investment under the Food Production Department in the form of horse-drawn farm implements, threshing apparatus, tractors, seeds, fertilizers, and the establishment of a seed-testing station. At the end of the financial year 1918, the government had 3,000 tractors at work, some owned and some hired, and during that season the tractors and steam-tackle implements together plowed about 1,611,000 acres of land.

In reporting to the House of Commons on the cost of these unusual efforts in the cultivation of the land, the chairman of the Board of Agriculture said:

“The total expenditure under all those heads is £3,133,003. Out of this we expect to recover £1,452,-

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940, leaving an expenditure—and you must remember that a great part of this is capital expenditure—of £1,680,063. Of the recoverable amount, we have already, up to 31st March, 1918, recovered £602,985. Therefore, the expenditure which may be charged against the Food Production Department is £1,680,063. A great part of that, something like £1,200,000, is capital expenditure, and if you spread it over a period of four years obviously it becomes a much smaller sum. That is the amount which has been spent and how it has been spent.”¹

This outlay for farm equipment, however, is plainly an investment the returns from which cannot be limited to a single season but rather for many seasons. While the outlay at first is large and made in a short space of time, the amount recoverable as rent from farmers for the use of tractors and other labor-saving farm equipment will be spread over many years and may be expected even to return a profit on the investment. Where soldiers and sailors, therefore, take up small holdings of good land and the government sees to it that such holdings are properly equipped for the type of gardening or agriculture contemplated by the settler, there is no reason why they should not become a complete success. Evidently, then, the problem of land settlement by ex-service men, in addition to a consideration of the adaptability and training of applicants

¹ Journal of the Board of Agriculture, Aug., 1918, pp. 538, 539.

for the work, requires for its successful solution the right kind of land, modern equipment, and sufficient capital.

Two questions finally now press for answer. First, What is the likelihood that disabled and demobilized men will have sufficient capital to take up some line of agricultural work and make of it a complete success? And, secondly, if any of the applicants do not have sufficient capital to properly equip and operate their farms, has the British government proposed any remedy to meet such a serious situation?

As pointed out in the preceding chapter, the Small Holdings Colonies Act of 1916 had for its object the settling of disabled or discharged soldiers and sailors on the land. On the very important subject of furnishing capital to applicants, the annual report of the operations of this act for the year 1917 makes this statement:

“Inquiries are frequently made by applicants as to whether advances of capital are made by the state to enable them to take up holdings under the scheme. But the board have no power to make advances for the purpose, and the suggestion was expressly negatived by the departmental committee on land settlement for soldiers and sailors, who found themselves unable to recommend such a proposal, to which they felt there were serious objections.

“It is satisfactory, however, to note that a considerable number of applicants possess a certain

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amount of capital, which in some cases may be regarded as being adequate. Out of 178 cases dealt with by the board it was found that while 54 applicants possessed capital of not more than £50,¹ 42 had from £50 to £100, 26 from £100 to £200, 13 from £200 to £400, while 43 (or less than one-fourth) possessed practically no capital at all."

The question of the amount of capital applicants possess, therefore, is one of vital importance to the success of any land settlement scheme. The number of applicants in Great Britain before the close of the war, taken in connection with the limited area of land open to lease and purchase for the purpose of land settlement, shows how intense will be the problem of providing for the employment of ex-service men when they return for demobilization by the million. The two economic factors of wealth production from the land, in its relation to the employment of discharged soldiers and sailors, are to provide the land and the capital. The labor element it is recognized will be abundant. The problem there is to provide land and capital, and the foregoing analysis shows that, to the close of the year 1918, no adequate attempt had been made to solve the financial feature of the problem. It remains to-day the great economic enigma of demobilization in Great Britain.

¹ For easy comparison with the money unit of the United States, \$5 may be regarded as practically equivalent to £1 sterling, £50 being about equal to \$250.

CHAPTER V.—ENCOURAGEMENT OF LAND SETTLEMENT IN FRANCE

It has been previously stated that post-war problems in France will consist largely in the reconstruction and rehabilitation of the northeastern part of the country, which has been so terribly devastated by the German invaders. The land is there, but much of it has been shell-torn and rendered temporarily unfit for cultivation until it shall be transformed or even reconstructed. In many instances the buildings on farms have been badly damaged or totally destroyed. Some of the owners of these farms have been killed or seriously wounded; others have been driven away and, on their return with little or no capital, will find their farms ruined. All these features and many others render the problem of land settlement by discharged soldiers and sailors and civilian victims of the war by no means easy of solution.

France a Land of Small Farms

With the customary foresight which has characterized the French government for many years, plans have been laid for meeting this rural situation after

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demobilization. So far as the settlement of soldiers on the land is concerned, the problem is simple. France is a country of small farms. Her people long ago yielded to the feeling of "land hunger" and became owners of small holdings. To become the owner of a building lot, a home in a town or city, or a small farm in the country has been the undying ambition of millions of French people. This sense of ownership is the tie which built up a self-reliant agricultural population in France and made of her a practically self-supporting nation notwithstanding her large population and limited extent of territory.

With the outbreak of the war, these tillers of the soil left their farms to take up arms in defense of home and country. Many of them have paid the supreme sacrifice and now sleep beneath the soil they once loved to cultivate. Others have returned disabled and are only partly able to work the land as formerly. With demobilization accomplished hundreds of thousands of others will return to the farms they left to take up again the work of cultivating the soil. There is little or no land problem there. Rather, in view of the great losses in men suffered by France during more than four years of war, the problem is one of men to occupy the land already laid out in small farms dotted all over the country. In this war 60 per cent of the French army came from the land.

By the act of July 12, 1909, France established a homestead law which followed closely the Texas homestead law of 1839. The object of this law was to protect the workman in town and cities and the rural small holder from having his home seized for debt. In either case it limited the value of the homestead that could not be seized to \$1600.

By the act of March 19, 1910, France came to the rescue primarily of those farmers whose holdings had been destroyed by the terrible inundations of January of that year. But the law itself added another link to the chain of rural credit which had been gradually constructed by the French government in behalf of agriculture. This law established long-time individual farm mortgage credit at a low rate of interest and on the amortization plan of repayment. The law of December 29, 1906, provided long-time collective credit to the district rural credit banks, of which there was at least one to be established in each department of France. From the standpoint of area, a "department" or "district" corresponds to a county of a state. The district banks were granted government loans without interest for the encouragement of agriculture. Individual long-time loans were made by the district banks to members of local rural credit societies at a low rate of interest, usually at 2 per cent, for the purpose of aiding farmers or others to purchase, improve, transform, or reconstruct their small rural

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holdings. The maximum loan permissible under this law was also for \$1600.

The object of all these laws and many others was to encourage the younger generations of French farmers and farm laborers to remain on the land. Under a system of enforced military service, young men, called to the colors, would fail to return to farm life after their period of service was over. Long-time individual mortgage credit was designed to check this tendency and to encourage the development of a class of independent small farm owners. The result was that, at the outbreak of the great European war in 1914, France had become a nation of small farm owners and thousands of ex-soldiers readily left their farms to take up arms in defense of their country. This, in brief, is the land and labor situation which confronts French agriculture with the advent of peace and demobilization.

For a period of more than eight years, therefore, before the close of the great war, the farmers of France had been able to procure long-time mortgage loans at about 2 per cent interest. In 1913 there were 100 departmental or district banks and more than 4,000 local rural credit societies affiliated with them. Any member of one of these local societies could reap the benefits of this system of long-time loans, and these benefits had consequently been extended through these local units from one end of France to the other.

With the vast problems connected with devastation of a large part of northeastern France, with thousands of civilians ruined by the war, with large numbers of injured soldiers unprepared to take their places as economic units in the work of productive gardening and agriculture, and with the demobilization of millions of soldiers confronting the nation on the return of peace, the French parliament took up the question of reconstruction and government aid in behalf of agriculture. In view of the conditions outlined above pertaining to farm mortgage loans, it would seem to American farmers, accustomed as they are to rates of interest ranging from 5 to 12 per cent a year, that the task of framing a more liberal law in behalf of soldiers, sailors, and civilian victims of the great European war would be a most difficult one for the French national legislature to accomplish. In order to show that the problems have been duly considered and the task satisfactorily performed, the text of the new French law is given pertaining to government aid for the purchase and improvement of rural small holdings by military and civilian victims of the war.

The Law of April 9, 1918

Article 1. Land credit societies and rural credit societies are hereby authorized, under the conditions provided respectively by the laws of April 10, 1908, and of March 19, 1910, to make mortgage loans:

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(1) To discharged soldiers and sailors who are recipients of state pensions for injuries received or infirmities contracted during the present war.

(2) To widows who are recipients of pensions or life annuities payable by the government or by the Savings Bank for French Sailors because of the death of their husbands from injuries received or diseases contracted since August 2, 1914.

(3) To those having the right of life annuities or pensions payable by the government or by the Savings Bank for French Sailors because of bodily injuries received by said persons through the war, provided they now are or may be inscribed on the list of insured persons under the law of April 5, 1910, for workingmen's or peasants' pensions by their conforming to the requirements of said law.

Said individual mortgage loans shall be made for the purpose of facilitating the purchase, improvement, transformation and reconstruction of rural small holdings the value of which, excluding the costs and the insurance premium, shall not exceed 10,000 francs (\$2000) no matter what its area may be; the period of the repayment of said loans shall not be more than 25 years, nor shall the age of the borrower exceed 60 years at the time of the payment of the last instalment.

Article 2. Loans made by land credit societies and rural credit societies to the beneficiaries named in article 1 shall be granted at 1 per cent interest.

Each borrower shall be required, at the time of receiving his mortgage loan, to take out a policy with the National Insurance Society, which shall guaranty in case of his death the payment of the remaining instalments on his debt; the amount of the existing premium, together with the costs of making the loan, may be added to the amount of the mortgage.

The borrower shall also be required to furnish a certificate provided by paragraph 3 of article 3 of the law of April 10, 1908, showing that the residence on said small holding had been inspected by a representative of the committee of sanitation and social welfare, which is appointed in each rural district for this purpose, and also that the residence had been inspected as provided by said paragraph by another representative chosen from among the members of either agricultural associations for manufactured products, agricultural societies, rural cooperative production societies, mutual rural credit banks, mutual rural insurance societies, or county committees on injuries.

Article 3. The beneficiaries named in article 1 of the present law, who shall purchase a house or a building lot under the conditions provided by the laws of April 12, 1906, April 10, 1908, February 11, 1914, and subsequent laws pertaining to the same subject, or who shall purchase, improve, transform, or reconstruct a rural small holding under the con-

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ditions provided by the present law, shall be exempt from the requirement that he shall have at least one-fifth the price of the house or land or small holding.

In case of default in the payment of an instalment, the society which made the loan shall have the privilege of levying one-fifth of that instalment against the payments on the debtor's pensions, but on the condition that this charge shall not absorb more than half of any pension payment nor reduce it to a sum less than 360 francs (\$72), the part of his pension which cannot be levied upon. This clause shall be inserted in the mortgage and shall become a conditional charge.

In order to procure this payment, the society which made the loan shall send a written demand to the debtor in default to make payment. At the expiration of 15 days, it shall in the same manner make demand upon the Treasury for said payment in arrears.

If the debtor, as regards that part of his pension which can be levied upon, does not choose to oppose the claim, the Treasury will be at liberty to transmit to the society the amount of the pension that is claimed.

If the pensioner, however, formulates an answer, a justice of the peace, on being asked by the Treasury, shall bring together the representative of the society and the debtor. From his decision, which

shall be rendered without delay, there shall be no appeal.

Payment of the amount annually levied shall be by quarterly instalments.

Article 4. Land credit societies, as well as rural credit societies, shall have power to receive, without being limited to double their subscribed capital, for the exclusive use of loans granted under the present law, special advances without interest from the general agricultural credit fund for making individual long-time loans provided by the law of March 19, 1910.

These advances shall be repayable by annual instalments within a maximum period of 26 years.

Article 5. The advances provided for by the preceding article, in consideration of the security offered by the societies and the needs which they appear to satisfy, shall be granted:

(1) By the Secretary of Agriculture to the rural credit societies.

(2) By the Secretary of Labor and Secretary of Agriculture jointly to the land credit societies.

These advances shall be made under the supervision of a special commission of which the Secretary of Agriculture shall be president and the Secretary of Labor and Social Welfare, vice-president. (The remainder of the commission consists of 10 other named persons who are prominent in banking and financial matters, insurance, agricultural co-

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operation, mutual insurance, and rural credits, who are officially connected with the government, making a total of 12 members on this commission.)

The members of this commission, with the exception of those who serve by right of office, shall hold office for a period of four years.

Article 6. The sum of one-half franc (10 cents) for every 100 francs (\$20) borrowed shall be set aside annually by the government, in diminution of the instalment payable to the lending society by the borrower, for every legitimate child that shall be born to him after the loan is closed.

These additional sums shall be paid directly by the government into the treasury of the lending society to the credit of the borrower.

Article 7. By way of modifying the requirements of the law of July 12, 1909, the rural holdings purchased, improved, transformed or reconstructed under the conditions of the present law or by virtue of the law of March 19, 1910, shall be deemed a homestead not liable to seizure, but without interfering with the right of the lending societies of procuring a judgment by suit against the land and of proceeding to execute such judgment in case of need. Lending societies will enjoy the privileges provided by article 2103, section 2, of the Civil Code.

The beneficiaries named in article 1 above, the unmarried and those without children, shall be able in like manner, by modification of the law of July

12, 1909; to establish for their benefit as an unseizable homestead the land acquired, improved, transformed or reconstructed by them in consequence of the present law on the condition that they enter into marriage within a period of three years from the time of acquiring the homestead. After this period and in default of this condition, any interested party shall have power to seek the repeal of the said statute.

As regards the question of long-time loans for those still in the army and navy, which are granted by a district agricultural credit bank under the terms of the law of March 19, 1910, the provision of said law which limits advances to double the capital of these banks shall not be applicable, but the total of such loans may be made up to four times their capital.

Article 8. Deeds for lands acquired to the maximum value of 1,200 francs (\$240), which they shall engage to cultivate themselves for a period of ten years, deeds made within a year following their demobilization by farmers, tenants, farm laborers and those who are not yet landowners, shall be exempted from the customary charges and shall be registered without cost.

Article 9. Within three months from the promulgation of the present law, a regulation pertaining to its public administration shall determine the condi-

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tions for carrying it out and the measures for financing the operations provided therein.

It will be noted that the benefits of the new law are confined to "military pensioners and civilian victims of the war," whether they live in towns or in the rural districts. This would seem to indicate plainly that the French parliament foresaw that there would be no difficulty in absorbing all the rural labor forces that would be released from the army and navy when demobilization should occur. The probability is that the great majority of discharged soldiers and sailors will return to their native homes and take up anew their various lines of gardening, vineyarding, and farming they were doing before the war and which is characteristic of agriculture in France. The rural labor problem, therefore, will probably give the government little or no concern unless it be from the financial point of view. But with a customary rate of interest about 2 per cent a year, and a special rate provided of 1 per cent a year under the present law for military pensioners and civilians who have suffered bodily injuries, the financial problem also seems to have reached a satisfactory solution.

The Decree of July 19, 1918

The last article of the new law provides that a decree shall be issued within three months from the

time of the law's promulgation, which should regulate its public and financial administration. By virtue of this provision, a decree was drawn up by the government council, consisting of the secretaries of Agriculture, Labor, and the Treasury, presented to President Poincaré, and signed by him on July 9, 1918.

In their letter of transmittal to the president attention is called to the special features of the new law, namely, that loans are to be made on the amortization plan of repayment, for periods of time not to exceed 25 years, and at 1 per cent interest. For the encouragement of larger families among the rural population, the government is to pay a subsidy of \$1.00 a year for every \$200 borrowed, to be applied on the instalments annually payable by the borrower, for every legitimate child born to him after the loan is made. The securities required for these loans are a mortgage on the home or small rural holding and a life insurance policy issued by the National Insurance Society, a government institution, made payable to the rural credit society which made the loan in case of the death of the borrower.

In approving the provisions of the new law, the decree laid down the terms and conditions under which loans should be made to military pensioners and civilian victims of the war by the rural credit societies, how the government would make loans to

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the departmental rural credit banks and to land credit societies, and various other dispositions affecting the execution of the new law. These regulations are important for carrying out a program of land settlement and rural reconstruction in France.

1. *The conditions of loans. Article 1.* Rural credit societies and land credit societies which desire to make loans as provided by article 1 of the law of April 9, 1918, should be prepared to do so by amending their statutes.

Article 2. The conditions under which loans may be granted and repaid are determined for each of the societies interested by special regulations issued and approved by the Secretary of Agriculture for rural credit societies and jointly by the secretaries of Labor and Agriculture for the land credit societies.

No request for a loan should be considered unless it is accompanied: (1) By a written agreement on the part of the borrower that he will himself operate the farm which is mortgaged as security for the loan; and (2) by a certificate from the National Insurance Society stating that the applicant, after medical examination, had been accepted by said society as one who could fulfil the conditions of insurance provided by the decree of October 17, 1912, and have his life insured as provided by article 2 of the present law.

Article 3. The life insurance policy required by article 2 of the law must be made payable to the lending society in case of the death of the borrower.

Article 4. If deemed necessary, the rural credit societies and land credit societies may require of their borrowers, besides the obligatory securities provided by the law of April 9, 1918, certain supplementary securities, the nature of which shall be determined by special regulations approved by the departmental secretary having jurisdiction as is provided by article 2 above.

Article 5. The costs of executing a mortgage and life insurance policy, as well as the costs of procuring the loan, may be added to the amount of the loan, even if the loan itself is the maximum of \$2,000.

Article 6. When loans are made for certain work pertaining to the improvement and transformation of a farm, sums may be advanced only in proportion as the work progresses or the implements and materials are delivered, and then only on the production of receipts.

Article 7. The conditions of repaying a loan by amortization are to be established by rural credit societies and land credit societies after taking into consideration the possible productivity of the farm, and may be such that, during the first three years, this amortization may be computed in unequal instalments or the payment of the first instalment

under exceptional circumstances may be deferred to the end of the third year from the time the loan was made. After that time the repayment shall always be in equal annual instalments, but in no case shall the period of a loan exceed 25 years.

Loans may be repaid by means of annual, semi-annual or quarterly instalments.

Article 8. In cases where the conditions relating to loans, such as those provided by the special regulations laid down in articles 2 and 4 above, are not carried out by the borrower, the amount loaned shall immediately become repayable except that, under exceptional circumstances which are beyond the borrower's control, each case shall be reviewed by the departmental secretary having jurisdiction and be approved by the commission provided by article 5 of the law.

Article 9. Before January 15th of each year, the rural credit societies shall submit to the Secretary of Agriculture and the land credit societies to the Secretary of Labor, a statement showing: (1) The number and amount of the subsidies which are due to their borrowers for the year last past to be used in diminishing the instalments on their loans by reason of each legitimate child born after the loan was made, as is provided by the law of April 9, 1918; and (2) the date and amount of the loans granted to those borrowers with a table of instalments to be

paid. They shall also furnish with each one of their requests a birth certificate for each child.

The subsidies are paid directly to the societies making the loans by the departmental secretaries having jurisdiction, as indicated in the present article, out of special appropriations provided for this purpose and charged against the budgets of the respective secretaries.

Article 10. Rural credit societies and land credit societies must have it specified in the mortgage that they reserve the right to foreclose on the property under the privileges granted by section 2 of article 2103 of the Civil Code, even if the farm purchased, improved, transformed or reconstructed has been constituted an unseizable homestead.

2. *Advances of Government Funds. Article 11.* The district agricultural cooperative credit banks and the land credit societies which may wish to obtain a special advance of funds as provided by the law of April 9, 1918, must attach to their request the following documents:

(1) Two copies of their statutes and of the special regulations pertaining to the use of loans, which have been approved by the departmental secretary having jurisdiction in the matter.

(2) A list of the members of the council of administration and of the committee of supervision, with their business and place of residence.

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(3) The last statement showing the financial condition and the report of the committee of supervision, together with a copy of the proceedings of the general assembly which approved the financial statement.

(4) A detailed statement showing the financial condition of the society on the day the request was made.

(5) An account of the loans which the society proposes to grant with the government funds requested.

(6) An extract from the proceedings of the meeting of the council of administration showing that it voted to request a special advance of funds from the Secretary of Agriculture within the limits fixed by the statutes and by the general assembly.

The council of administration can also forward any other documentary evidence which it may deem necessary.

The banks and societies already provided with an advance of government funds, if they request new loans, need not submit copies of their statutes when they have not been changed since the preceding advance of funds, but they should add to the list of documents mentioned above a statement of the loans made in conformity to the law of April 9, 1918, from the beginning to the date of the new request.

Article 12. The district agricultural cooperative credit banks should transmit their requests directly

to the Secretary of Agriculture; the land credit societies should send their requests for funds to the Secretary of Labor, who will forward them to the Secretary of Agriculture.

Article 13. The requests for government funds coming from the district agricultural cooperative credit banks and land credit societies should be submitted for approval to the general council of inspection of credit and subsidized agricultural associations.

The inspectors to whom the requests for government loans are submitted should be aided with the advice of the special commission provided by article 5 of the law.

Article 14. Before the end of January of each year the district agricultural cooperative credit banks and land credit societies should transmit to the government the total amount of instalments payable under article 4 of the law of April 9, 1918, the same being determined in such a way as to assure the repayment of the government funds within a period not exceeding 26 years.

In order to fix the amount of the annual instalments, consideration should be given to the period of postponement which is granted to certain borrowers by article 7 of the law as to their non-payment of instalments during the first three years of their loan. But even when this is taken into con-

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sideration, the period of repayment cannot exceed a maximum of 26 years.

The special loans of government funds to the district agricultural cooperative credit banks and land credit societies shall become immediately repayable: (1) In case of the violation of their statutes and of the special regulations provided by articles 2 and 4 above; (2) in case of amendment to the statutes which decreases the guaranties of repayment; (3) in case the funds are used for other purposes than those stated; and (4) on default in the payment of instalments for a period of one year.

Article 15. Supervision over the transactions provided by article 9 of the law of April 9, 1918, is exercised by the inspector-general of credit and subsidized agricultural associations. His duties are to examine into the financial and business administration of the agricultural cooperative credit societies and land credit societies which have borrowed government funds under the provision of the law of April 9, 1918, and to establish correct directions for carrying out legislative, administrative and statutory regulations.

In the case of land credit societies the examination into their financial condition by the bank examiners should not be concerned with any accounts except those provided by the law of April 9, 1918, and that only to the extent necessary for supervising the last-named transactions, which ought to be a special ac-

count opened in the general ledger of each society. These special accounts ought to be kept in conformity with the instructions given by the departmental secretary having jurisdiction on the recommendation of the inspector-general.

Examiners can require the production of all documents corresponding to the accounts. The reports on the condition of land credit societies are to be transmitted to the Secretary of Labor.

Article 16. District agricultural cooperative credit banks and land credit societies, which request a government loan, are required to furnish to the Secretary of Agriculture and the Secretary of Labor, respectively, the following documents: (1) Within the first eight days of each quarter a statement from the general ledger showing the financial condition; (2) within the second part of February a review of the business transacted during the preceding year, the balances, and a statement of profits and losses; and (3) within fifteen days following the meeting of the general assembly of the society, a verbatim report of the proceedings of that meeting.

3. *Various regulations. Article 17.* District agricultural cooperative credit banks, in carrying out the provisions of paragraph 3 of article 7 of the law of April 9, 1918, may request a government loan in excess of more than twice their subscribed capital but not to exceed four times said capital, for the pur-

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pose of making individual long-time loans to soldiers still in the army under the provisions of the law of March 19, 1910, but should accompany their request with a list of their soldier members who desire long-time loans and a statement of the amount of loans they expect to make and have already made. These requests are considered by the allotment division established by article 5 of the law of December 29, 1906.

Article 18. The secretaries of Agriculture, of the Treasury, and of Labor, each in the matter which concerns them, are authorized to put into effect the present decree, which shall be inserted in the Bulletin on Laws and published in the Official Journal of the French Republic.

Limitations of the Land Settlement Law

The French law of April 9, 1918, and the decree concerning it have established a system for encouraging land settlement by soldiers, sailors and civilians. It provides for long-time mortgage loans on homes in towns and on small farms for periods of time not exceeding 25 years on the amortization plan of repayment, and at 1 per cent interest a year. The central feature of the proposed French system of land settlement, therefore, pertains to the furnishing of capital rather than to providing land for ex-service men and others who have been injured as a result of the war. The progress made in land

mortgage credit and land settlement policy has been clearly summarized by Hon. Victor Boret, Secretary of Agriculture, who states that the interest which prevailed from a national point of view to retain or to establish soldiers on the land, whether they come from the country or not and who had been away from their homes for several years, was the subject of particular attention both on the part of Parliament and the Department of Agriculture.

Although legislation previous to the great war permitted farmers to borrow money up to \$1600 at 2 per cent interest, repayable in 15 years, for the purchase, equipment, improvement, and reconstruction of rural small holdings, it seemed necessary to make larger provision in behalf of those who had especially suffered from the war.

In France, however, the important question was not that of making allotments of land as is proposed in the United States. There being little or no free public land for settlement purposes, government aid was susceptible of application largely in the form of financial aid and that only in proportion to the object to be attained with the limited resources at the disposition of the Treasury. This last consideration, therefore, did not permit the granting of financial aid indiscriminately to all soldiers and sailors who had been through the war, but rather forced the government to the policy of limiting loans to actual victims of the war, namely,

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to those soldiers, sailors and civilians who were pensioners.

The task now before us is to explain more in detail how the law of April 9, 1918, is intended to improve the economic condition of farmers in France, to increase the rural population, and to build up a better system of social economy in rural communities.

CHAPTER VI.—ANALYSIS OF THE FRENCH SYSTEM OF FINANCING LAND SETTLE- MENT

Under date of July 31, 1918, the secretaries of Agriculture and of Labor jointly issued a pamphlet of instructions concerning the law of April 9, 1918. As previously stated, this law relates to the purchase and improvement of rural small holdings by military pensioners and civilian victims of the war. The purpose of these instructions was to put into practise more easily, by means of explanatory remarks, the provisions of the law which, it is scarcely necessary to emphasize, are of the very highest social importance.

The law under consideration had its origin in various propositions and suggestions offered by several deputies and senators. The bill, after being introduced in the Chamber of Deputies by Mr. Bonneville and in the Senate by Mr. Strauss, received the unanimous support of the French Parliament. In the language of the report of Mr. Strauss, the purpose of the act is "the exceptional one of extending and developing rural small holdings for the benefit of the heroic victims of the great war."

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To this end, the law authorizes land credit societies and rural credit societies to make long-time individual mortgage loans to the various beneficiaries named in article 1, for the purpose of facilitating the purchase, improvement, transformation and reconstruction of rural small holdings, the amount of a loan, excluding the costs and the insurance premium, not to exceed \$2,000 no matter how large or how small the farm may be.

These loans are made by the land credit and rural credit societies at a reduced rate of interest by means of funds advanced by the government to these societies without interest. Let us, then, examine successively the conditions of making (1) loans to borrowers, and (2) advances of government funds to the societies.

The Conditions of Loans

1. *The beneficiaries* of these mortgage loans are: (1) Former soldiers and sailors who are recipients of invalid pensions paid by the government for injuries received or infirmities contracted during the course of the war; (2) the wives of those who were the recipients of life-time pensions or indemnities, paid by the government or by the Savings Bank for French Sailors, by reason of the death of their husbands from injuries received or diseases contracted during the war; and (3) those who have a right to these life-time indemnities or pensions paid as above

indicated by reason of bodily injuries sustained by these persons as a result of the war.

Briefly, then, only the recipients of life-time pensions or indemnities can receive these farm mortgage loans. It necessarily excludes the recipients of temporary relief because they could not offer the security and guaranties required of borrowers by paragraph 3 of article 2 of the law of April 9, 1918.

2. *Object, amount and period of loans.* Article 1 of the law expresses the object of loans to be "to facilitate the purchase, improvement, transformation and reconstruction of rural small holdings." This is a reproduction of the exact language of article 1 of the law of March 19, 1910. No particular explanation is needed on this provision. However, it may be advisable to call attention to what may be included under the term "improvement."

Speaking before the Senate as a representative of the National Federation of Mutual Insurance and Agricultural Cooperation, Mr. Viger, former Secretary of Agriculture, very justly remarked that it was not only advisable to provide for the purchase of a farm, but to make such farms more profitable by the purchase of necessary equipment and supplies. It would be extremely regrettable, he said, to allow victims of the war to invest all their loans in the purchase of land only to find themselves with-

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out money for the purchase of necessary livestock and agricultural implements.

Now, the purchase of necessary equipment and supplies can be included in the operation of rural small holdings under the term "improvement"; and it has been thus clearly defined by article 6 of the rules issued for the public administration of the act. Loans, then, can be made not only for the price of farms purchased by the beneficiaries of the law, but also for the purchase of necessary equipment and supplies in order to put the farms in a condition of productivity.

Let us consider next the amount and period of loans. The law of March 19, 1910, does not permit rural credit societies to make loans in excess of \$1,600.

On the other hand, the law of April 10, 1908, as explained in the report presented by Mr. Bonnevey to the Chamber of Deputies on July 28, 1916, fixed the limit of land to $2\frac{1}{2}$ acres and the value of the fields and gardens to \$240, which could be acquired by means of loans made by the land credit societies. Moreover, the law of February 11, 1914, authorized these societies to make loans to small farm owners who wished to add to their premises a stable, cow-barn, or any other building of similar character. These supplementary loans could not exceed the sum of \$400. This legislation was altogether too restricted to promote rural welfare; it did not provide

for the purchase of a farm large enough to enable the owner to make a living therefrom for himself and family.

But by article 1 of the new law loans can be made up to \$2000, exclusive of the costs and the insurance premium. Moreover, a noticeable difference between the new law and that of April 10, 1908, is that the former does not limit the land area of the farm.

The period for repaying a loan under the new law cannot exceed 25 years. This is the customary period required for the repayment of loans to land credit societies. On the other hand, the law of March 19, 1910, limited the period of repayment of loans to rural credit societies to 15 years. But the last paragraph of article 1 of the law of April 9, 1918, adds this condition that the age of the borrower, at the time of the last instalment on his loan, shall not be more than 60 years. The rural credit societies, therefore, can make loans for the maximum period of 25 years to borrowers who, at the time of receiving their loans, are not more than 35 years old. For borrowers older than this, the period of a loan must be diminished; an applicant 40 years old cannot borrow for more than 20 years; one of 45 years of age for 15 years, and so on.

3. *The security and conditions of loans.* (1) The fundamental security for a loan is a registered first mortgage on the farm on which the loan is made.

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Rural credit societies are required in making loans under the new law to follow the suggestions of the Secretary of Agriculture in his notice concerning the application of the law of March 19, 1910, particularly the necessity, if the borrower is married, of having the wife join with him in signing the mortgage. That is to say, the wife is expected to set aside her legal rights, which is a first claim on the property, by signing the mortgage made in favor of the bank or the society granting the loan.

(2) An additional security is provided by article 2 of the law. In order to guarantee the payment of the instalments on his debt in case of his premature death, the borrower has to take out a life insurance policy with the National Insurance Society, which is made payable to the society making the loan.

In conformity with article 2 of the regulations for the public administration of the law, the borrower must present with his application for a loan a certificate from the National Insurance Society, stating that after a medical examination he has been accepted by the said society as one able to procure such a life insurance policy as is required by the law.

On account of the inexperience of most borrowers, it will be for the best interest of all concerned to have the land credit societies and the rural credit societies act as intermediaries between the insured and the National Insurance Society in completing the

insurance arrangements. To this end they ought to fill out for each of their prospective borrowers an insurance form, which they may procure from the Trust and Deposit Bank. This form should be dated and signed by the applicant, who will at the same time fill in at the end of the insurance policy the name of the credit society from which he is about to procure a loan.

In support of each application, the societies must furnish: (a) A copy of the birth certificate of the borrower; and (b) a table of the instalments the insured will have to pay in case the loan is granted. The copy of the birth certificate can be replaced by an official document, such as a family or military record, for the purpose of substantiating the truthfulness of the claims set forth in the application.

After the receipt of these documents, the National Insurance Society invites the applicant to present himself at the office of its medical examiner. At the conclusion of this examination, the cost of which must be borne by the applicant, the insurance society informs the latter whether he has been accepted or rejected. In case the applicant is accepted, the policy of insurance should be written within three months from the time of the medical examination. If this period is exceeded, the applicant must submit to a new examination.

(3) Article 3 of the law provides, among other things, that the lending societies, in case of default

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in the payment of instalments on loans, may levy upon the pension of the debtor to the extent of one-fifth of the defaulted instalment providing that this levy does not reduce the pension to less than \$72 a year nor absorb more than half his pension.

The new law adds an important amendment to the law of April 10, 1908, concerning loans made by land credit societies. The benefits of the law of 1908 could not be enjoyed by those who had little or no capital, for a loan could not be granted to a borrower unless he could pay down one-fifth the price of the property to be purchased. Article 3 of the said law provides that "each of the class of borrowers designated in article 2 must comply with the following conditions: At the time of procuring his mortgage loan he should possess at least one-fifth the price of the land or of the house."

Under this provision no loan could be made in excess of four-fifths the sum necessary for purposes of purchase or construction. Now, as stated in the remarks by Mr. Bonnevey on discussing the law of April 9, 1918, in the Chamber of Deputies, the disabled soldier returning to his home after a long campaign, a stay more or less prolonged in a hospital or convalescent depôt, will more frequently have exhausted his savings and cannot possibly own one-fifth the purchase price of a place, a condition necessary to render one eligible for a loan from a land credit society. So article 3 of the new law

relieves him of this obligation to own this amount of property. The whole amount up to \$2000 necessary for the purchase, improvement, transformation or reconstruction of a rural small holding can be loaned to him.

But dispensing with the requirement of one-fifth the amount of the property increases quite considerably the risk to the society making the loan. So section 2 of article 3 permits the society to find a compensatory security in the pension payments of the borrower. The mortgage will contain a provisional clause to the effect that, in case of default in the payment of an instalment on a loan, the pension payments may be levied upon to the amount of one-fifth of the sum due. In order to levy on the pension, a special method of procedure has been provided.

(4) According to article 2 of the decree of July 14, 1918, a borrower must make a written agreement to cultivate the farm himself upon which the mortgage has been placed. The third division of article 1 of the law of April 10, 1908, already imposes a similar condition on one who borrows of a land credit society in order to purchase a small farm. Mr. Viger, former Secretary of Agriculture, set forth his views on this subject in the course of the discussion which preceded the vote of the Senate on the law of April 9, 1918, as follows:

“In the regulations for its public administration,”

he said, "it will be necessary, I think, to take measures so that the owner of the rural small holding, acquired by means of the loan which will be made to him up to a maximum of \$2,000, may not be that kind of occupier who will cultivate his farm by the labor of another, who will rent it out, and who from that time will not be, as we would wish him to be, a cultivator of the land by means of the loan granted to him."

There is no doubt, however, that the operation of the farm by the borrower himself ought to be understood in the largest sense of the term. It is not necessary to require borrowers who are disabled by the war that they themselves should actually do the work, but it comes within the condition required by article 2 of the regulations for its public administration that the work on the farm be done under his direction. In fact, article 8 of said regulations even provides that under certain exceptional circumstances which are beyond the control of the borrower,—for example, in case of an incurable disease,—the amount loaned need not be immediately repayable if the agreement made by the party interested that he himself will cultivate the farm has not been literally observed. But it will be necessary in that case that the society making the loan shall report the case to the inspector-general of credit and subsidized agricultural associations, who, in turn, will inform the Secretary of Agriculture; and it will also be

necessary that the commission provided by article 5 of the law should render a favorable opinion and that a decision conformable thereto be made by the secretary of the department having authority in the matter.

(5) Article 1 of the law of April 9, 1918, places under a special guaranty loans to civilian victims of the war; that is to say, to those who have the right of life-time indemnities or pensions paid by the government or by the Savings Bank for French Sailors because of bodily injuries sustained by them as a result of the war. The special guaranty required is that civilian war victims have been inscribed or may be inscribed under the law of April 5, 1910, on the list of insured persons for workmen's or peasants' pensions and that they have otherwise conformed to the requirements of said law. By this provision, Parliament has intended to limit the benefits of the law, at least in so far as it concerns civilian war victims, to those who have given or may give evidence of thrift. At the same time Parliament desired to bring the text of the new law in accord with the law of April 11, 1914, relative to the advance of funds by land credit societies for the purchase of small holdings and with article 36 of the law concerning workmen's and peasants' pensions.

(6) The banks and societies which make the loans should moreover require a clause in the mortgage to the effect that the buildings, equipment and sup-

plies shall always be insured against fire, that the live stock shall be insured against death, and, if it is deemed advisable, that the workmen shall be insured against accidents. As a matter of preference these agreements regarding insurance should be made with mutual agricultural insurance societies.

As regards fire insurance, the mortgage should provide that, in case of loss, the insurance should be payable to the bank or society making the loan, and notification to this effect should be given to the insurance company or to the mutual agricultural fire insurance society which insured the buildings.

(7) A final condition is required, but only of borrowers from rural credit societies, who must be members of a local rural credit society and of an affiliated agricultural association in order to enjoy the benefits of loans under the law of April 9, 1918. If they are not members when they apply for a loan they should at the time of making their application also make a written request to be admitted to membership in a local rural credit society and an agricultural association.

But in certain cases the banks and societies making the loans may decide whether or not the various precautionary measures taken are sufficient. Article 4 of the decree of July 19, 1918, gives them authority to require of their borrowers any other security they may deem advisable, such as chattel

mortgages, notes, warehouse receipts, and agricultural warrants. But they ought in such cases to enumerate in their by-laws the various supplementary securities required, as is provided by article 2 of the regulations for the public administration of the law.

4. *Interest, Amortizement, and Instalment.* Following the suggestion of Deputy Gaston Treignier, the French Parliament fixed the rate of interest on loans at 1 per cent. But the debt must be repaid during the period of the loan, so that the amount of the debt which is repaid each year constitutes the amortizement. The interest, plus the annual payment on the debt, is the sum the borrower has to pay each year, or the instalment.

The following table shows the annual instalments which must be paid on a loan of \$1,600 at 1 per cent interest for periods of time ranging from 5 to 25 years:

<i>Period of Loan</i>	<i>Annual Instalment</i>	<i>Period of Loan</i>	<i>Annual Instalment</i>
5 years.....	\$329.66	16 years.....	\$108.71
6 "	276.08	17 "	102.81
7 "	237.81	18 "	97.57
8 "	209.10	19 "	92.38
9 "	186.78	20 "	88.66
10 "	168.93	21 "	84.85
11 "	155.33	22 "	81.38
12 "	142.16	23 "	78.22
13 "	131.86	24 "	75.32
14 "	123.04	25 "	72.65
15 "	115.40		

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If a borrower should procure a loan of \$200 at 1 per cent interest for a period of 5 years, he would repay his debt with interest by paying annually \$41.21; if his loan ran for 10 years, he would annually pay \$21.12; and if his loan was for 25 years, his annual instalment would be \$9.08 only. For a loan of \$2,000, the annual instalment in each case would be ten times as large. It is easy, then, to calculate the annual instalments to be paid on various loans granted for different periods of time.

The banks and societies which make the loans ought to ascertain in advance that the net income likely to be derived from the farm will provide for the annual instalments; and they ought to take this factor into consideration in determining the period of the loan. In other words, in order that the borrower may pay off his debt normally, the annual instalment ought not to exceed the net income from the farm.

Now, let us take in illustration the case of a disabled man who, counting upon his pension on which to live during the period of the loan, borrows the sum of \$1,600 for the purpose of paying for a farm which he wishes to cultivate. Let us suppose the net income of that farm is about \$100 a year.

If he is to repay the loan during a period of 25 years, his annual instalment will be \$72.65. The net income, then, of \$100 a year is large enough to insure the payment of the annual instalment. But,

if he should wish to borrow for a period of 10 years, the annual instalment in that case being \$168.93 as against an income of \$100 only, the instalment could not possibly be paid. Under such circumstances, the period of the loan ought to be at least 18 years, the annual instalment being in that case \$97.57, which is nearly equal to the net income.

5. *Insurance premium and costs of loan.* The following tables give the amounts of the premium of life insurance payable for a loan of \$200 which runs for 15, 20 or 25 years.

<i>Period of Loan 15 Years</i>		<i>Period of Loan 20 Years</i>	
<i>Age at time of contract</i>	<i>Premium on Loan of \$200</i>	<i>Age at time of contract</i>	<i>Premium on Loan of \$200</i>
25 to 26 years.....	\$16.42	25 to 26 years.....	\$20.66
30 to 31 "	16.83	30 to 31 "	21.31
35 to 36 "	16.92	35 to 36 "	22.45
40 to 41 "	19.26	40 to 41 "	26.53
45 to 46 "	26.10	45 to 46 "	35.52

<i>Period of Loan 25 Years</i>	
<i>Age at time of contract</i>	<i>Premium on Loan of \$200</i>
25 to 26 years.....	\$24.66
30 to 31 "	26.03
35 to 36 "	28.40
40 to 41 "	34.25
45 to 46 "	45.85

The premium of life insurance and the costs of procuring a loan constitute charges heavy enough for borrowers to pay. These expenses can be advanced by the banks or societies making the loans and can be added afterwards to the amount of the

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loan, even if it has been granted to the maximum of \$2,000. The annual instalment should then be calculated on the total amount thus advanced.

At this point it is necessary to call special attention to the provision of article 8 of the law of April 9, 1918, which only indirectly relates to the real purpose of the act. By this provision Parliament wished to encourage a return to farm life not only on the part of those disabled in the war, but also of all farmers in the army. It therefore provided that, if the farmers, tenants and farm laborers who had been through the war and who were not yet land-owners, should purchase land and agree to cultivate it themselves for a period of 10 years, the purchase deeds on said land to the maximum of \$240 should be exempt from taxation and be registered free of charge if the deeds were drawn within a year after the purchasers were demobilized.

6. *Payment of instalments.* The payment of instalments on loans may be made either annually, semi-annually, or even quarterly. For the sake of simplicity annual payments are to be preferred. The choice of December 31 coincides with the time when farmers generally have their financial obligations to meet and closes their crop year, so it is usually selected. In certain sections where the financial obligations occur at different times of the year, one can provide for the payment of instalments

semi-annually, that is, on June 30 and December 31. The quarterly payments will be more or less exceptional; for example, they would be advisable in market-garden sections. Under all circumstances it would be advisable for the banks and societies making loans to provide for this matter in their by-laws and take into consideration the kind of agriculture carried on in any particular district and the principal times of year when the income is greatest.

For each loan it is important to establish in advance the table of amortization payments, which will represent the course of the repayment of the loan during the period of its existence. This table is indispensable on the one hand in order to insure the regular bookkeeping of the societies, and on the other hand to make the borrowers acquainted with their financial obligations. It is, therefore, advisable to forward a copy of the amortization table to each person interested and to require him to sign another copy before the money is advanced. It is also equally important to send a copy to the departmental secretary having jurisdiction. This table will be sent on his request to the inspector-general of credit and subsidized agricultural associations in order that he may exercise his control.

The following example indicates how an amortization table ought to be arranged. It is for a loan of \$1,000 for 10 years.

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*Amortisation table for a loan of \$1,000 at 1 per cent interest,
dating from January 1, 1919*

<i>Time of Payment</i>	<i>Instalment</i>	<i>Interest</i>	<i>Principal</i>	
			<i>Applied on</i>	<i>Still</i>
			<i>Principal</i>	<i>unpaid</i>
December 31, 1919.....	\$105.58	\$10.00	\$95.58	\$904.42
December 31, 1920.....	105.58	9.04	96.54	807.88
December 31, 1921.....	105.58	8.08	97.50	710.38
December 31, 1922.....	105.58	7.10	98.48	611.90
December 31, 1923.....	105.58	6.12	99.46	512.44
December 31, 1924.....	105.58	5.12	100.46	411.98
December 31, 1925.....	105.58	4.12	101.46	310.52
December 31, 1926.....	105.58	3.10	102.48	208.04
December 31, 1927.....	105.58	2.08	103.50	104.54
December 31, 1928.....	105.58	1.04	104.54	
Total	\$1,055.80	\$55.80	\$1,000.00	

By reference to the above table it is seen that, in order to repay a loan of \$1,000 in 10 years at 1 per cent interest, it is necessary to pay annually \$105.58.

At the end of the first year, the interest due on a loan of \$1,000 at 1 per cent interest is \$10. The annual instalment to be paid being \$105.58, the borrower then has amortized his loan \$105.58—\$10 = \$95.58. He owes then only \$1,000—\$95.58 = \$904.42.

At the end of the second year, the interest at 1 per cent is calculated on the principal still unpaid of \$904.42, which is \$9.04. Since the instalment is always the same, namely, \$105.58, the borrower then has amortized his loan in the second year \$105.58—\$9.04 = \$96.54. He then owes only \$904.42—\$96.54 = \$807.88.

At the end of the third year the borrower pays interest at 1 per cent on \$807.88, which is \$8.08. In

paying his instalment, he amortizes $\$105.58 - \$8.08 = \$97.50$. The remaining debt is then $\$807.88 - \$97.50 = \$710.38$. By continuing the same method of calculation for succeeding years, the amortization table as given above is reached. At the end of the tenth year there is no debt remaining unpaid, and the total of amortizements is evidently equal to $\$1,000$.

7. *Postponement of the first instalment.* The first years on a farm are the least productive for farmers, and it is frequently only after quite a period of time that a farm reaches its maximum productivity. In view of this condition, pensioners and civilian victims of the war will be likely to need all their resources to pay off their first instalments. Consequently, article 7 of the decree provides that, during the first three years, the amortization payments can be calculated in instalments of unequal amount or in exceptional cases the payment of the first instalment can be postponed until the fourth year of the loan. But it must be distinctly understood that this postponement does not in the slightest degree affect the period of the loan. Thus, if a loan is granted for 25 years and the payment of the first instalment is postponed to the fourth year, the repayment of the debt must be effected during the last 22 years of the loan. During the first three

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years the borrower pays only the interest on the amount borrowed at the rate of 1 per cent.

Let us take in illustration a loan of \$2,000 for 25 years. If the borrower begins his payments the first year, he will pay for 25 years an annual instalment of \$90.81. If, on the other hand, he decides not to begin the amortization of his loan until the fourth year, he will pay during the first three years only the interest at 1 per cent on his loan of \$2,000, or \$20 a year; and, the debt having to be extinguished in 22 years instead of 25 years, the annual instalment will necessarily be larger in that case than it would have been otherwise. In other words, by beginning to pay on his debt the fourth year, the borrower, instead of paying \$90.81, must pay an annual instalment of \$101.73 to redeem his debt in 22 years.

The method of calculating the annual instalment will be the same in case the postponement of the first instalment is for one year or two years instead of for three years as indicated above.

8. *Loans in partial payments.* When loans are made for certain forms of farm improvement or transformation extending over a long period of time, or for certain kinds of equipment, materials or live stock, the banks and societies making the loans are not required to pay over immediately the total amount of the loan granted and may calculate the

instalments to be paid by borrowers on the basis of the money advanced in partial payments to them. Article 6 of the decree of July 19, 1918, provides that the money may be advanced in proportion to the progress of the work or the delivery of supplies. The state of the work or of the delivery of supplies must be indicated by means of affidavits or bills. It is also an indispensable requirement that a representative of the societies making the loans shall have authority to enter upon the premises to establish the exact status of the improvements in order to lay the matter before the council of administration for its decision with full knowledge of the facts in the case.

The instalments ought to be calculated in view of the exact state of affairs. A borrower may, if he chooses, either defer the payment of his first amortizement to the year following the payment to him of his entire loan, providing that this postponement does not exceed three years, or the instalment may be calculated on the basis that the separate advances were loans successively made for the number of years between the time the loan was made and the termination of the work.

This may be illustrated by an example. Suppose a loan of \$2,000 is made for 25 years for the purpose of putting into good cultivated condition a farm which, at the time of making the loan, is actually in a

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run-down condition. The cost of the work is to be spread over three years. The borrower is in need of \$600 immediately; he is reckoning on expending \$800 during the first year, and the balance of \$600 remaining of the total loan he expects to have expended by the end of the second year. The bank or society will thus advance to him:

\$600 immediately;
\$800 up to the end of the first year;
\$600 up to the end of the second year.

In reality this will be three loans granted successively to the party interested, the first loan of \$600 being for 25 years, the second loan of \$800 for 24 years, and the third loan of \$600 for 23 years. The annual instalment to be paid, therefore, will be:

\$27.24 to the end of the first year;
 $\$27.24 + \$37.66 = \$64.90$ to the end of the second year;
 $\$27.24 + \$37.66 + \$29.33 = \$94.23$ for the last 23 years.

If, on the other hand, the borrower prefers not to commence to pay off his loan before the contemplated farm work has been completed and has begun to be productive, at the end of the third year he will pay the sum of \$97.77, which is the annual instalment required to repay a loan of \$2,000 in 23 years. But up to the end of the third year he will simply pay interest at 1 per cent for the sums actually advanced, which would be \$6 for the first year and \$14 for the second year.

9. *Subsidies for children.* For the purpose of aiding in the establishment of homesteads and of encouraging large families, article 6 of the law provides that the sum of 10 cents for every \$20 borrowed shall be annually granted by the government to the society making a loan for every legitimate child born to a borrower after his loan has been made. The government subsidy thus given is to be applied by the society in decreasing the instalment annually paid by the borrower on his debt.

These sums granted by the government are paid directly into the treasury of the societies making the loans by the Secretary of Agriculture to the rural credit societies and by the Secretary of Labor to the land credit societies. Instead of paying his regular annual instalment, therefore, a borrower will pay each year the difference between his total instalment and the subsidy granted by the government.

By way of illustration, let us take a loan of \$2,000 for 25 years, the annual instalment on which would be..... \$90.81

If one child is born after a loan has been granted, the government will pay in behalf of the borrower \$10, and the latter's annual instalment on his loan will be only.. \$80.81

If two children are born to him, the government will pay \$20, and the borrower's annual instalment will be.. \$70.81

If three children are born, the government will pay \$30, and the borrower's annual instalment will be..... \$60.81

If six children are born, the government will pay \$60, and the borrower's annual instalment will be..... \$30.81

If nine children are born, the government will pay \$90, and the borrower's annual instalment will be reduced to 81 cents a year.

With the birth of a tenth child, a borrower's annual instalment will be a charge against the government entirely until the debt is paid.

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10. *Unseizable homesteads.* In order to enable borrowers to constitute their rural small holdings into unseizable homesteads, two amendments were added to the law of July 12, 1909.

Subscribing to a wish many times presented to Parliament by representatives of the district agricultural credit banks through the National Federation of Mutual Insurance and Agricultural Cooperative Societies, section 1 of article 7 of the law has provided that the establishment of rural small holdings, which were the object of individual long-time loans, into unseizable homesteads would not thereafter prevent the societies which made the loans from foreclosing the property and executing a judgment thereon in case of necessity. Such societies are thereby entitled to the privileges granted under section 2 of article 2103 of the code of Civil Procedure. They must, however, specifically state the fact in the mortgage in conformity with article 10 of the regulations for the public administration of the act.

It is important to note that the amendment will operate not only in favor of loans granted under the law of April 9, 1918, but also of those made under the law of March 19, 1910. It is certain that this provision will encourage the development of homesteads, whose owners formerly were seriously handicapped because of the difficulty of reaping the benefits of agricultural credit institutions.

On the other hand, the beneficiaries of the new law,

both the unmarried and those without children, will be able to establish for their benefit into an unseizable homestead "the land purchased, improved, transformed or reconstructed by them" under the provisions of the law of April 9, 1918, but only on the condition of contracting marriage within a period of three years from the time of making the homestead declaration. If this condition is not fulfilled within the time specified, any one interested will be able to have the homestead request declared null and void.

11. *Amendments to statutes and by-laws.* In order to put into effect the provisions of article 1 of the law of April 9, 1918, it is absolutely necessary that the rural credit societies and land credit societies conform their statutes to article 1 of the decree. Where the need calls for it, they ought to either amend or complete their statutes accordingly.

As a matter of fact, the great majority of land credit societies are already prepared under their statutes to carry out the provisions of the law. Article 1 of their statutes provides in effect that they are regulated "by the law of April 10, 1908, and subsequent laws pertaining thereto." The statutes of certain district agricultural credit banks contain a similar regulation. These societies, therefore, will be able immediately to put into effect the provisions

of the law of April 9, 1918. But those societies or district banks whose statutes do not contain a similar regulation ought to amend them without delay on this point and should submit them in amended form to the Secretary of Labor or to the Secretary of Agriculture for his approval according as either has jurisdiction. Moreover, the land credit societies which deem it necessary to extend their territory in order to more easily carry out the new law should immediately petition the Secretary of Labor for permission to amend their statutes in this particular.

On the other hand, it is necessary that the chartered life of the societies is sufficiently long to permit of their making the contemplated long-time loans. Evidently they would not be able to make loans for a period of 25 years if their charters do not provide for a minimum life of at least 26 years at the time of commencing operations. If it is necessary the required change should be made in their statutes.

Finally, in conformity with article 2 of the regulations for their public administration, the banks and societies making the loans ought to take it upon themselves to pass by-laws determining the conditions under which the use and repayment of loans shall be assured, and also indicating the supplementary security which would be required of borrowers. The by-laws of the rural credit societies

should be submitted to the Secretary of Agriculture for his approval; those of land credit societies to the Secretary of Labor and the Secretary of Agriculture for their joint approval.

Advances of Government Funds

Article 4 of the law of April 9, 1918, indicates the source of funds by means of which the land credit societies and rural credit societies can make loans to military pensioners and civilian victims of the war. Paragraph 1 authorizes these societies to receive, for the exclusive use of loans granted under the conditions provided by article 1, special advances of funds *without interest*, raised by a percentage of the general appropriation for agricultural credit reserved for long-time individual credit by the law of March 19, 1910.

As had already been decreed by the Senate, so also article 11 of the regulations for the public administration of the law specified that the district agricultural credit banks were meant, to the exclusion of the local credit banks, which should receive government funds made by application of the law of April 9, 1918. The law allows the commission provided by article 5 to determine the amount of funds that should be advanced to the banks and societies interested.

The government funds advanced to the district agricultural cooperative credit banks and to the land

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credit societies, while being loaned for a maximum period of 25 years, are themselves repayable to the government by annual instalments and for periods of time not exceeding 26 years. These annual instalments are payable to the government before the end of January of each year. If the banks and societies grant deferred loans to certain borrowers from whom they will not receive any amortizements on their debt during the first three years, they too are also permitted to decrease or to postpone the amortizement of their debt for the first three years on presentation of evidence justifying the same. It is nevertheless intended, as provided by article 14 of the regulations, that the repayment of government funds shall in no case exceed a total period of 26 years.

Article 15 of the decree provides that the examination of land credit societies by bank examiners shall not be made except on those accounts provided by the law of April 9, 1918, and only then to the extent of exercising control over the latter transactions. It is expected that these accounts will be of a special character and so carried in the general ledger of each society.

The law of March 19, 1910, provides that the district agricultural credit banks shall not receive in government funds for individual long-time credit more than double their subscribed capital. But by an amendment offered by Deputy Fernand David,

former Secretary of Agriculture, the new law extends this limit in favor of those still in the army. The last paragraph of article 7 provides that, for long-time loans granted in behalf of enlisted soldiers under the law of March 9, 1910, the total of government funds advanced thereafter shall be increased to four times the subscribed capital of the banks and societies, but that it shall at no time exceed that amount. Article 17 of the regulations for the public administration of the law gives directions to the district agricultural credit banks how to procure these government funds under this provision.

Special Provisions

1. *District and local agricultural credit banks.* The district agricultural credit banks are the class of banks which may receive advances of government funds, the local rural credit banks being excluded from this privilege. Since the former are required to repay to the government annual instalments on these loans, they must provide all necessary guaranties to secure themselves against every risk of non-payment.

It is by means of the local rural credit societies that the district banks principally receive their applications for loans. It is to them that the district banks address the necessary inquiries concerning any particular property. Moreover, it is the local credit banks which in most instances send their

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requests for loans to them. Consequently, it is vitally important that the district banks send special instructions to the local banks in order that the latter may properly inform their members. In short, it is a matter of business prudence for the district banks not to make any loan without first having consulted with the local banks.

But what part do the local banks play in the making of a loan? Let us see.

By the law of March 19, 1910, individual long-time loans are made as often by local credit societies by means of loans to them from the district banks as by the district banks through the local banks as intermediaries acting conjointly in the mortgage; or again, by the district banks themselves by the simple intervention of the local banks in determining the financial standing of the borrower without the local banks appearing as responsible intermediaries.

Now, a new fact is brought in which differentiates the law of April 9, 1918, from that of March 19, 1910, namely, that the rate of interest which was formerly 2 per cent is reduced to 1 per cent. It seems difficult, even impossible, on an income so small to allow a part of it to the local banks. But if the local banks are not allowed a part of the interest paid, they will not accept any responsibility in the transaction. Let it also be added that, in accepting the local banks as intermediaries in making loans,

there is a greater risk of increasing the expenses of registration—that is, the right of security which amounts actually to 0.625 per cent. Finally, it is important to cut out formalities and reduce the costs of a loan if the district banks are to be placed on the same footing with land credit societies, which can lend directly to borrowers without the use of local banks as intermediaries.

The law does not, however, state this subject definitely. It provides only that “loans can be granted by rural credit societies,” and the regulations for the public administration of the law repeats the same expression, confounding, therefore, the district banks and the local banks as being among the societies which can carry out the provisions of the law of April 9, 1918. It is, then, for the district banks to provide in their by-laws the necessary rules pertaining to this subject. In accordance with article 2 of the regulations for the public administration of the act, the by-laws should indicate “the conditions under which the use of loans shall be procured.”

2. *Land Credit Societies.* There are two provisions of the law of April 9, 1918, that are of particular interest to land credit societies and which merit special mention.

In the first place, paragraph 3 of article 2 prescribes the granting of a provisional certificate as

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to the sanitary condition of the buildings or rural small holdings purchased, improved, transformed or reconstructed; and, in order to avoid every difficulty in rural districts in this matter, by enlarging the provisions of section 3 of article 3 of the law of April 10, 1908, Parliament has provided that the provisional certificates as to sanitation may be delivered by a representative of the rural committee on home visitation and social welfare, said representative to be chosen by the committee in each township from among the members of agricultural associations for manufactured products, agricultural societies, rural cooperative production societies, mutual rural credit banks, mutual rural insurance societies, or county committees on injuries.

In the second place, section 1 of article 3 of the new law prescribes that not only military pensioners and civilian victims of the war, who borrow for the purpose of purchasing a rural small holding, shall be relieved of the obligation of having at least one-fifth of the purchase price, but also those who purchase a dwelling house or plot of ground in town or city under the provision of the laws of April 12, 1906, April 10, 1908, or February 11, 1914.

These, then, are the various observations which it has seemed necessary to make in order to facilitate the operation of the new law, upon which, we are fully persuaded, depends the unification of all its provisions and the enjoyment of all its benefits.

Limitations of the French System

The preceding discussion brings out clearly the financial limitations of the French plan of encouraging land settlement by soldiers and sailors. A most striking and highly commendable feature is the low interest rate of 1 per cent. But the benefits of this low rate of interest can only be enjoyed by military and civilian victims of the war. The able-bodied soldier or sailor on demobilization will receive no grant of free land from the government. The only financial aid offered to demobilized men is the free registration of deeds to land purchased for farming purposes by those who had been farmers, tenants or farm laborers before the war.

Another limitation is the amount of the loan granted. This cannot exceed \$2,000 no matter how large may be the acreage of the farm. On small farms and market gardens, which are characteristic of a large part of France, a maximum loan of \$2,000 might serve every financial purpose of the average farmer. But for larger general farms, vineyards and olive groves, a loan of \$2,000 would be too limited to aid materially in any great increase in agricultural production. In view of the fact, however, that the loan benefits of the act are confined to military and civilian victims of the war, whose physical disability will be a serious handicap to any great productive effort, it is not at all unlikely that the

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limitation of a loan to a maximum of \$2,000 was intended to encourage as much as possible the development of small farms and market gardens, because they offer the best conditions of agricultural success in France. So many men were killed during the war that the government found it impossible to furnish farm labor to cultivate the fields, vineyards and olive groves for three years preceding the return of peace. After demobilization, however, it is expected to provide abundance of labor from the discharged military forces. An inquiry made by the government among thousands of French soldiers brought out the fact that more than half of them were unwilling to go back to their former industrial positions. From these men will come many of the future farmers of France, but no government aid is given to them in the form of either land or capital. In all probability, therefore, the discharged soldiers will enter upon their new occupations as farm laborers or tenant farmers.

A third limitation is the period of a loan. This cannot exceed 25 years, and even this period is dependent upon the age of the borrower at the time of procuring his loan. This period, however, is an extension of 10 years on the period of loans to rural credit societies by the provisions of the law of March 19, 1910. Notwithstanding the extension of time to 25 years, it would under normal agricultural conditions be too short if interest rates on loans were as

high as they are in the United States. Farm mortgage loans under the Federal farm loan system may be made for a period as long as 40 years, but the interest rate, originally 5 per cent, was raised to 5½ per cent under war conditions. But with a low interest rate of 1 per cent and with the additional privilege of postponing the payments on the debt for the first three years, the comparatively short period of 25 years on farm mortgage loans to military and civilian victims of the war in France is practically offset to a great degree. Under these conditions, a borrower might have no difficulty in meeting the obligations on his loan in normal seasons, notwithstanding the economic handicap due to his physical disability.

When all the conditions of agriculture in France are taken into consideration, the limitations surrounding actual land settlement by soldiers and sailors present no serious problem. The farm labor forces will undoubtedly adjust themselves to the new conditions of life which reconstruction will require. It may be expected, therefore, that the law of April 9, 1918, will result in establishing a sound land settlement system and in increasing agricultural production, which is its fundamental object.

CHAPTER VII.—LAND SETTLEMENT BY RETURNED SOLDIERS IN CANADA

The preceding chapters have outlined national programs of land settlement and government aid in Great Britain and France. These two countries serve to illustrate the economic and financial problems which lie ahead of practically all nations in Europe.

A large population in a small land area, which is typical in European countries, naturally raises altogether different problems from those which confront either Canada or the United States. The land areas in Great Britain and France are so limited in extent that the idea of supplying farms to all discharged able-bodied soldiers and sailors who might want to engage in farming for a living is altogether beyond the possibility of realization. Even on the subject of supplying government financial aid, it has been found necessary to limit this form of assistance largely to disabled ex-service men and to those civilians who have suffered bodily injuries because of the great war.

The problems facing Canada and the United States during the reconstruction period and afterwards ought to be solved more readily than they can be in

Europe. Land areas on the American continent are more extensive, there is considerable public land open to settlement, large tracts of unused land owned by individuals and corporations are held for speculative purposes, smaller land areas capable of cultivation are no longer used for crop production or for grazing live stock, there are hundreds of so-called "abandoned" farms which could easily be acquired and made economically profitable as individual farm units, and the average size of farms is considerably larger than they are in Europe.

In the matter of rural population there is practically no problem at all either in Canada or in our own country so far as opportunity and demand for land settlement is concerned. Both countries for the present and for many years to come can easily absorb all the labor forces seeking productive employment on the land as gardeners, farmers, stock raisers and other pursuits directly or indirectly connected with agriculture. The demand for food will keep pace with the increase in our own population and the present and future pressing needs of the European nations; while the demand for the raw materials of many industries, which are produced from the land,—such as lumber, hides, cotton, wool, flax, hemp, and many others,—will call for a vast amount of labor, which a large demobilized army and navy will set loose upon the labor market to meet the requirements of our own industries and those abroad.

Training Disabled Men for Farming

Looking these facts squarely in the face, the Dominion of Canada early began to plan for a rational system of land settlement and government aid. Not long after the Canadian Expeditionary Force had begun to take its heroic place on the western battle front in Europe, a stream of wounded and disabled men turned its course homeward. On their arrival Canada was confronted with the problem of training these men to take their places once more as productive economic units in agricultural and industrial pursuits.

Since agriculture not only offered an out-door life but its products were in great demand, the Canadian government set about its new task of training partially disabled soldiers and sailors in various lines of gardening, general farming and stock raising. The work was placed under the direction of a new branch of the government called the Department of Soldiers' Civil Reestablishment. Let us briefly consider the Dominion program particularly as it relates to the training of partially disabled men for farming and kindred forms of rural labor.

1. *Occupational therapy.* This branch of training is strictly diversional in character, the aim being to occupy the patient's mind and body that nature might better assist in restoring the developing

broken cells and tissues. The work is given to the men on lands connected with the hospitals and sanatoria which are under direct control of the above-named department.

The range of out-door work in agricultural occupational therapy is very wide and varied, being intended to embrace the capacity of men no matter what their form of disability. But the patients are not entirely left to choose their own occupation, since the kind and amount of work are determined by the medical officer in charge of the institution. He issues instructions, similar to writing a prescription, which outline the exercise and movements a particular patient should have so that muscles and nerves may learn to function in the restoration of his disability.

The lines of work in occupational therapy, which relate to agriculture and rural life, are poultry raising, market gardening, animal husbandry, horticulture, bee keeping, seed testing and seed germination. To those who are not seriously disabled training is given in farm mechanics, such as the construction, care and operation of a tractor, thresher, gas engine and automobile. An extremely practical feature of farm mechanics is that connected with the construction and repair of farm buildings. The work is done in shops on the grounds of the various institutions and includes harness mending, light blacksmithing, and the repair of wooden parts of farm machinery and buildings, such as hen and hog houses, barns,

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silos, racks and cribs. These various lines of work not only train men in the efficient use of tools, but give them sufficient dexterity so that on taking up active farm life they may be capable of making minor repairs on machinery and buildings upon the place.

This training is conducted mainly in the Lake Edward Sanatorium, Lake Edward, Que.; Guelph Military Hospital, Guelph, Ont.; at Tuxedo Farm, the Manitoba Military Convalescent Home, and at several other institutions. As a matter of fact, all the Canadian hospitals and sanatoria used for soldiers in suburban or rural districts are possessed of sufficient acreage devoted to the training of men in gardening and light farm work to give them a practical knowledge of their chosen occupation.

When disabled soldiers and sailors are sufficiently strong to leave the hospitals and sanatoria, they have open to them for choice some 200 reeducation, agricultural and industrial courses. An order of the government provides that "any member of the Canadian Expeditionary Force who has been so disabled in the line of duty that he can no longer pursue his former occupation is entitled to a retraining course which will fit him for earning a living at some kind of work at which his disability will not disqualify him."

The reeducation courses which might be termed "agricultural" are mixed farming, stock raising, market gardening and farm mechanics. The institu-

tions where these practical courses are given are MacDonald College, Montreal; Nova Scotia Agricultural College, Truro, N. S.; Manitoba Agricultural College, Winnipeg, Man.; University of Saskatchewan, Saskatoon, Sask.; School of Agriculture, Olds, Alberta; and the University of British Columbia, Vancouver, B. C. These institutions were already provincial agricultural colleges devoted to the training of young farmers in Canada, and inspection of their equipment and lines of work showed that they were adequate in every way for the agricultural training of a small number of men in the returned soldiers' group.

To increase the facilities of these institutions and to make provision for the training of a larger number of disabled soldiers and sailors, the Department of Soldiers' Civil Reestablishment enlarged their equipment by supplying special machinery, various kinds of tractors, plows, and other farming implements in order that the training might be most intensive and practical. But, in pursuing these courses of study, the groups of soldier students are segregated from the young civilian students because experience has demonstrated that a returned soldier has a mental attitude which enables him to do his best only when surrounded by fellow army comrades and instructors who have seen service in France.

Usually the men who take up these intensive

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agricultural courses are not physically able to do the harder kinds of farm work. But the special training given them in the agricultural schools more than offset their physical disability by the increased knowledge and experience acquired. The development of intelligence rather than muscle enables the disabled soldiers to perform their tasks successfully when they engage in practical farming for themselves. In nearly all cases the directors of courses of study insist that the previous experience of the soldier student should be the guiding principle and the foundation on which his new course is to be established, and this no doubt enables the returned soldier to learn more readily and tends to make of his agricultural training a complete success.

While agricultural work for disabled soldiers in Canada has not yet been fully developed, the Land Settlement Board is working on plans for assisting them to become actual farmers. A great many of the men who eventually will take advantage of government assistance in securing a homestead or a farm are being educated by these institutions in farm mechanics and trained in the use of tractors and other farm apparatus. The government aid and special training given these men tend to counterbalance their physical disability and to make of them efficient economic units once more in the production of wealth from the soil.

2. *Systematic Courses in Agriculture.* As previously stated, the various educational institutions in the different provinces of Canada were readily equipped at little additional cost for teaching elementary practical agriculture to returned members of the expeditionary forces. The courses of instruction cover five or six months and were so arranged in the different agricultural colleges to meet the requirements of the type of agriculture or stock raising generally practised in the respective provinces. The instruction was also made as practical as possible, being supplemented by lectures when deemed necessary to a proper understanding of the actual farm work.

(1) *Animal husbandry.* This course is given in various institutions. A considerable part of the time is spent in the practical judging of horses, beef and dairy cattle, sheep and hogs. Near the Guelph Military Hospital is an abattoir to which cattle, sheep and hogs are brought for slaughter to provide meat for all the provincial educational institutions. This gives the disabled soldiers at the Guelph Hospital daily opportunity of judging beef cattle alive and afterwards by slaughter tests of estimating dressing percentages. The carcasses are then brought before the students to be cut up, to illustrate the relative values of different parts and the qualities desired in a good food animal.

In addition to this practical work, lectures are

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given on the feeding and management of stock, the principles of breeding, the history and characteristics of different breeds, and on herd books and pedigrees.

At the University of Saskatchewan the course in animal husbandry, besides dealing with the characteristics of live stock, takes up the composition of the principal grains, hay and forage crops, together with their value, importance and use in live-stock feeding. Particular attention is given to the practical phases of care and feeding, so that studies are devoted to proper rations for various types of farm animals, the essential features in housing live stock, and the feeding, care and development of all types of farm animals from birth to maturity and marketing.

(2) *Horticulture*. Most of the agricultural educational institutions are well equipped for teaching disabled soldiers the elements of practical horticulture. They have orchards of tree fruits, plantations of small fruits, vegetable gardens, and greenhouses.

Practical work is given in the planting and care of young fruit trees, including budding, grafting, cultivating, pruning, spraying, and thinning; renovating the old neglected orchard; and the use of cover-crops. The greenhouse and outdoor gardening work consists of instruction in sowing, transplanting, and cultivation; the use of hot beds; the storing of vegetables; and backyard gardening. A study is made of the soil and cultural requirements of small fruits, tree fruits and vegetables. Some time

is also devoted to a study of economic problems connected with the horticultural industry as a whole.

(3) *Field husbandry.* This course of study lasts six months, extending throughout the summer, and gives the disabled soldier a practical knowledge of farm operations. It consists of studies on the treatment of different types of soils, tillage, crop rotation, fertilizers and manures.

A study is made of the seeds of the various farm crops grown. Lectures are given on purity, germination, cleaning, selection, grading and improvement of seed. Practise is given in judging oats, barley, wheat, peas, corn, grasses, clovers, and seeds of various fodder crops.

(4) *Poultry raising.* Practical work and instruction are given in the location, construction, ventilation, and cost of poultry houses. The most important utility breeds of fowls are studied, including their origin and characteristics, the principles of incubation, feeding, and raising of chicks; the care and management of a farm flock for egg production and for marketing; and the principles of mating, breeding and judging fowls. In this line of work, the subjects of feeds, feeding and marketing of poultry products receive special attention.

(5) *Dairying.* The dairy work consists of practical work and demonstrations in a milk-testing laboratory and a butter-making plant.

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(6) *Beekeeping.* Practical work and instruction are given in the care and management of bees, including their feeding, swarming, and wintering. The disabled soldier is taught how to extract, store and market honey. Special attention is given to the prevention and treatment of bee diseases.

The practical studies given to disabled soldiers in many of the Canadian agricultural institutions also include work on weeds and weed seeds, diseases of plants and their treatment, and the habits and control of injurious insects. In farm management lessons are given in simple farm bookkeeping, on cooperation among farmers, the preparation and marketing of farm products, and the purchase of farm supplies. In some institutions courses are given in farm engineering, including studies on electrical equipment and building construction. In short, the aim is to thoroughly instruct the men in all lines of practical agriculture in order to fit them to succeed in their chosen occupation.

During the summer of 1918 no less than 216 returned disabled soldiers took up regular courses of study in the several agricultural educational institutions in Canada. The following table shows the number of men fitted for the different lines of practical farming, the choice of special work being determined partly by the inclination of the men themselves and partly by the degree of their disability:

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Disabled men taking agriculture and related subjects for the week ending July 27, 1918

<i>Course</i>	<i>No. of Men</i>	<i>Course</i>	<i>No. of Men</i>
Agriculture	97	General farming	5
Farm and gas tractors.....	59	Poultry raising	1
Gardening	24	Dairying	1
Grain and seed buying.....	16	Horticulture	1
Farm mechanics	11	Hog raising	1

3. *Elevator agents and grain buyers.* A problem connected with the grain-growing branch of agriculture is that of supplying agents for the grain elevator companies. Throughout the three prairie provinces of Manitoba, Saskatchewan, and Alberta, there are about 3,200 elevators, which employ roughly about 4,700 men. The call of the war has produced a scarcity of good country elevator agents and grain buyers, and, with a view of determining the prospects of employing disabled soldiers in this capacity, an inquiry and report thereon were made by the vocational branch of the Department of Soldiers' Civil Reestablishment.

The report on this inquiry showed, however, that only about 55 men could be absorbed in this line of work, and that previous education, the training needed, business and buying qualifications, and comparative freedom from serious physical and nervous disabilities would probably make the task a difficult one of fitting men as elevator agents from among disabled soldiers who might offer themselves for training in this capacity.

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The disabilities which would disqualify applicants as elevator agents are stated to be men affected with lung troubles or gassed cases on account of the dust; poor hearing because of the use of a telephone; men with bad eyesight as good eyes are needed to judge grain; no serious arm, leg, chest, back or abdominal wounds that would prevent one from starting an engine or moving a railroad car with a bar; and no serious shell-shock, as such a person would be apt to fail in emergencies and also might not be able to stand the loneliness in grain elevator localities.

On the other hand, men suffering from minor head and neck wounds, loss of one or two fingers on either hand, slight shell-shock or other disabilities not involving loss of strength and ability to move around could do this work.

Notwithstanding these drawbacks and the limited number of vacancies that could be filled by disabled soldiers should they meet the necessary requirements of successful grain elevator agents, a course of instruction was prepared by the Northwest Grain Dealers' Association by a committee appointed for this purpose. This committee arranged with a business firm to set up and install an elevator scale and a gas engine and to supply an expert to deliver at least one lecture a week on the operation of both scale and engine. In addition rooms were provided in the Grain Exchange for instructing a class in country elevator accounting, grading, and other work

necessary in the performance of the duties of a country elevator agent in the prairie provinces of Canada. As these classes are conducted in the evening, disabled soldiers now employed may receive this instruction after work hours with the object of procuring more remunerative employment if they give evidence of becoming successful elevator agents. The salaries paid range from \$85 to \$120 a month. It is recognized, however, that this field is very restricted as to the likelihood of its absorbing any large number of partially disabled men.

The Canadian Land Settlement Act

Besides the training of wounded soldiers for an agricultural life, the Dominion of Canada passed an act in August, 1917, to assist returned military men to settle upon the land for the purpose of increasing agricultural production. This act was put into operation by the appointment of the Soldier Settlement Board, composed of three commissioners, in February, 1918.

The passage of this act was the first step taken by the Dominion in dealing with the general problem of land settlement by returned uninjured soldiers and sailors. Its purpose is to aid in the reinstatement of these men in civil life, especially as it relates to land settlement as a part of Canada's reconstruction program. Certain provisions are made to facilitate and encourage those who, having returned

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from active service in the war, are desirous to farm or are capable of farming to take up free public land for this purpose. They are expected, however, to practise agriculture as their permanent means of livelihood. In this regard land settlement and productive farming are essential to entitle soldier settlers to reap the benefits of the act. The main features of this law are briefly as follows:

The term "settler" is stated in section 2 to mean "any person who has served in the naval or military expeditionary forces of Canada during the war, or who was engaged in active service in the naval or military forces of the United Kingdom or of any of the self-governing British dominions or colonies, or who, being a British subject resident in Canada before the war, has been engaged in active service at one of the seats of war in either the naval or military forces of any of His Majesty's allies in the war, and who has left the forces with an honorable record or who has been honorably discharged, and the widow of any such person who died on active service."

In section 4 it is provided that the Minister of the Interior, at the request of the Soldier Settlement Board: "(1) May reserve Dominion lands for the purpose of this act; (2) that any such reservation shall lapse three years after the close of the war; and (3) that the minister may grant to any settler recommended by the board a free entry for not more than one hundred and sixty acres of such reserved

lands, subject to such conditions as, in the opinion of the Governor-in-Council, are necessary to secure the use of the land for the purpose for which it is granted."

Section 5 provides that the board may loan to a settler an amount not exceeding \$2,500 for any of the following purposes:

"(1) The acquiring of land for agricultural purposes; (2) the payment of incumbrances on lands used for agricultural purposes; (3) the improvement of agricultural land; (4) the erection of farm buildings; (5) the purchase of live stock, machinery and equipment; and (6) such other purpose or purposes as the board may approve."

Money loaned is expended under the supervision of the board and on the following conditions:

"(1) That the value of the security offered is sufficient to justify the loan, the value to be estimated on the basis of the agricultural productiveness of the land and the commercial value of any other security given; and that the board is satisfied the applicant has the ability to make from the land a fair living for himself and his family, after paying the interest and amortization charges and other payments that will be due and payable with respect to the land.

"(2) No loan shall be considered except upon the written application of the borrower, and such application shall be in such form as may be prescribed by

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the board, and shall set forth distinctly and definitely the purpose for which the loan is granted.

“(3) An applicant for a loan shall furnish such additional details, references and information as the board may at any time require.

“(4) All loans upon Dominion lands shall constitute a first charge against the land, and all loans upon other lands shall be secured by first mortgages, and all loans shall in all cases bear interest at the rate of five per cent per annum.

“(5) Payments of principal and interest shall be made in equal annual instalments extending over a period of not more than twenty years.

“(6) The board may defer the payment of the whole or part of the first two instalments to such later date as it may deem expedient, such deferred payments to continue to bear interest at the rate aforesaid.

“(7) The settler may at any time pay to the board the whole or any part of the money borrowed, with interest. Interest shall be payable up to the date of such payment.

“(8) When a loan has been made upon Dominion lands, no patent shall issue until the loan and all interest thereon have been paid in full.”

For the instruction of returned soldiers, their wives, and female dependents in the principles of farming before being allowed to settle on the land, the following provisions are included in the act:

The board may (1) place returned soldiers with farmers in order that they may be instructed in farming; (2) may make provision for agricultural training stations for returned soldiers; (3) may provide for farm instructors and inspectors to assist settlers with information and instruction in farming; and (4) may provide training in domestic and household science for settlers' wives and female dependents.

The act also authorizes the board, with the approval of the Governor-in-Council, to make regulations prescribing the manner in which entries for land and applications for loans may be made; how free entries and patents for land may be granted and issued; the security for loans, the conditions under which they shall be made, and their method of repayment, and the manner and conditions upon which settlers may transfer their rights.

These are the chief provisions of the Canadian Land Settlement Act. They cover all three phases of land, labor and capital in their relation to increasing agricultural production. Let us see, therefore, to what extent the law and the regulations of the Soldier Settlement Board have been carried out and how they tend to promote successful farming operations by returned soldiers and sailors in Canada.

Free Land for Settlement

At the time the Soldier Settlement Act was passed Canada had a large extent of public land, particularly in the three prairie provinces of Manitoba, Saskatchewan and Alberta, that was suitable for settlement and for productive agriculture. The act, therefore, provides: (1) That the Minister of the Interior may reserve such Dominion lands for the purposes of land settlement by soldiers at the request of the Soldier Settlement Board; (2) that any such reservation shall lapse three years after the close of the war; and (3) that he may grant to any settler recommended by the board a free entry for not more than one hundred and sixty acres of such reserved lands.

In accordance with the policy thus authorized by the act, the Soldier Settlement Board promptly after its appointment requested the Minister of the Interior to reserve all remaining Dominion lands within a reasonable distance of railway transportation for the purpose of settling returned soldiers and sailors thereon. Consequently, full steps were taken to secure to returned ex-service men the best free homestead lands still remaining that were suitable for settlement. Furthermore, in the case of a returned soldier who already held a homestead, provision was made that the adjoining quarter-section

of 160 acres should be reserved for him if he made such a request.

There being no definite data on hand as to the amount of Dominion land that could thus be granted for settlement purposes, investigations were also immediately set on foot to determine to what extent the remaining free Dominion lands would assist in solving the problem of land settlement by ex-service men. Until the desired information has been acquired, however, there is no assurance that all who apply will be able to receive a free grant of 160 acres of land which can be profitably cultivated.

In view of this fact, certain land regulations were drawn up by the Soldier Settlement Board, which were approved by the Governor-in-Council on May 14, 1918. After due advertisement July 2, 1918, was fixed as the effective date of the regulations for the granting of entries to returned soldiers applying for free land at the Dominion land agencies in the western provinces.

At the outbreak of the war it had been decreed that any one who held Dominion land under entry as a homestead, preemption, or purchased homestead would be protected in his entry while on active service in the naval or military forces. Among the regulations for putting into effect the provisions of the Soldier Settlement Act, it was provided that any returned soldier holding such an entry or who might enter for free Dominion land, if eligible to obtain a

loan under the act, may do so on the security of the land thus entered for on the same terms and conditions as if the land were already privately owned. The amount of the loan that might be granted is based on the productive value of the land for agricultural purposes.

To further insure the success of a soldier's farming operations, any one who had already taken up a homestead on free Dominion land was eligible to secure a free entry for another 160 acres on what are practically the same settlement duties as for a civilian homestead. A returned soldier thus entitled to both civilian and soldier entries may take up two quarter-sections adjoining, making a total of 320 acres of free land. Right of entry for the soldier grant may be exercised on any vacant and available Dominion lands, the same as with ordinary homestead entries, by application to an agent or sub-agent of such lands. Attestation by the Soldier Settlement Board that the applicant is eligible as a settler must be produced at the time the application is made. At the request of the board, all vacant Dominion lands within fifteen miles of the railways in the northern part of the province of Alberta were specifically reserved by the Minister of the Interior for soldier entries. Elsewhere in the three prairie provinces of Manitoba, Saskatchewan and Alberta the agents of Dominion lands were instructed to select and reserve for returned ex-service men the remaining Do-

minion lands within fifteen miles of transportation of a quality thought suitable for soldier settlement and profitable farming. These are known as "selection reservations." The lands are withheld from other persons at present in order that returned soldiers might have first choice in the selection of land offering the promise of profitable cultivation. In the case of Dominion lands thus reserved for soldiers such matters as determining the classes of lands open to entry, granting of entries, the performance of duties, and applying for patents are carried on by the Department of the Interior through the various Dominion land agencies the same as in ordinary homestead entries.

That the demand for such lands will be large when the Canadian soldiers have all returned from Europe is shown by the fact that during the first week of July, 1918, when the entries were first opened, no less than 181 returned soldiers secured soldier grant entries at the various agencies. Of this number 156 also held homestead entries, making a total of 337 quarter-sections or about 28,000 acres. If this ratio should continue for the three years during which the reservation of lands is to last, it is doubtful if there will be sufficient free land of good quality to give every soldier a farm, much less a quarter-section, who might apply for it. What the solution of the land settlement problem in Canada would be under those circumstances it is difficult to foresee.

In connection with the free Dominion lands opened for soldier settlement in the three western prairie provinces, there has been considerable cooperation with the older and more densely populated eastern provinces to encourage land settlement. These provinces own and control the government lands within their borders.

Before the commencement of the war, the three provinces of New Brunswick, Nova Scotia and Prince Edward Island had passed legislation looking to farm settlement and increased agricultural production. In Ontario, Quebec and the extreme western province of British Columbia legislation has been passed or other measures have been taken since the commencement of the war with special reference to land settlement by soldiers. In this matter arrangements are being made by the Dominion government to cooperate with the various provinces to prevent the overlapping of powers, functions and purposes. In providing government aid to further provincial plans and policies of soldier settlement it is recognized that the fundamental principle of the Dominion constitution places the control of patented lands, civil rights and local administration in the provinces.

Another cooperative factor of successful land settlement is the special transportation rates granted by the railroad companies of Canada as a means of

assisting returned soldiers to settle upon the free provincial and government lands.

After several conferences between the government and the railroads, the low rate of one cent a mile was granted. This rate applies equally to the soldier's first trip to work with a farmer, to attend an agricultural educational institution, or to look for land. It also applies in case the soldier, after selecting his farm location, has to return to his home destination to bring back his goods and his family. The same rate is also allowed to the adult members of his family who journey with him back to the farm. Children between twelve and five years of age are charged half this low rate, while those under five travel free.

To take advantage of this low rate of transportation, the returned soldier has to procure from the Soldier Settlement Board or its authorized representative a certificate stating that the holder is a settler and entitled to receive such rate. As there are formalities to be gone through in complying with the regulations of the railroads and in ascertaining necessary military records, applicants are warned to apply for their certificate well ahead of the time they contemplate commencing their trip.

Canadian Soldiers as Farmers

For the present and for some time to come, there is not much likelihood that the land problem for

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soldiers will give the Dominion government any grave concern. We can pass on, therefore, to a consideration of the labor factor in agricultural production and what the law provides for meeting the situation.

Under the Soldier Settlement Act, the following persons are entitled to apply for land and a loan:

(1) Any person who has served in the naval or military expeditionary forces of Canada during the Great European War.

(2) Any person who has been engaged in active service during the war in the naval or military forces of the United Kingdom or any of the self-governing British dominions or colonies.

(3) Any person who, being a British subject resident in Canada before the war, has been in active service in either the naval or military forces of any of the allies.

(4) The widow of any such person described above who has died on active service.

It is a necessary condition to eligibility to the benefits of this act that any soldier applicant has either left the service with an honorable record or has been honorably discharged.

But the regulations of the board require that the applicant shall have satisfactory farming qualifications. In other words, the settler must have the necessary knowledge and fitness to farm. It is recognized that ability to farm is as essential to the suc-

cess of the settler as the agricultural productiveness of the land he expects to cultivate. If he has not previously followed the occupation of farming, he may secure the necessary training and experience by engaging in agricultural work with practical farmers or in other ways. His application for land and a loan will only be considered when in the judgment of the board he is qualified to farm successfully. Arrangements have been made to assist in the agricultural training of returned soldiers.

The course of education for men inexperienced in farming consists: (1) In placing returned soldiers with farmers in order that they may be instructed in farming; (2) in providing agricultural training stations for ex-service men; (3) in directing farm instructors and inspectors to assist settlers with information and instruction in farming; and (4) in providing means for the training of settlers' wives and their female dependents in domestic science and household economy.

There can be no question, therefore, that in these various ways the supply of agricultural labor in Canada will not only be abundant, but it will be efficient. In fact, the regulations are such that only men capable of carrying on farming successfully will be encouraged to take up land for this purpose. There is not the slightest doubt about Canadian soldiers becoming practical and efficient farmers under the care exercised in their selection and the training given

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them before they are permitted to become actual settlers. For these reasons the farm labor problem is likely to offer little or no difficulty in the way of establishing a successful land settlement scheme for soldiers and sailors in Canada.

Credit Conditions for Soldiers

In order to carry out the provisions of the Soldier Settlement Act, the sum of \$2,916,000 was appropriated by Parliament for this purpose. One of its main features is the credit provision to aid the returned soldier who takes up farming as his future occupation by granting him a long-time loan at a cheap rate of interest, with the first two payments deferable. This loan provision applies to all provinces of the Dominion and is designed to provide a measure of financial assistance to settlers during the first years of their farming experience. As previously pointed out, in the case of returned soldiers settling on free homestead lands, the loan provision also applies on the same terms as if the lands were privately owned. Moreover, besides the ordinary right of homestead entry open to civilians, an additional 160 acres may be granted a returned soldier under entry on suitable settlement terms.

The purposes of loans provided by the Soldier Settlement Act very closely follow those of the Federal Farm Loan Act in the United States. All loans bear interest at 5 per cent a year, the payment of

principal and interest being made in equal annual instalments extending over a period not exceeding 20 years, and for any of the following purposes:

(1) To acquire land for agricultural uses; (2) to pay off incumbrances on farm land; (3) to make improvements on agricultural land; (4) to erect farm buildings; (5) to purchase live stock, machinery and equipment; and (6) for such other purposes as the Soldier Settlement Board may approve.

Advances of money are not made directly to the settler in cash, but in the form of payments for material, equipment, improvements or any other of the above named purposes desired by the settler, so that all money loaned to returned soldiers is expended under the supervision of the board.

A certain flexibility is given to this act because no rigid ratio is set up between the value of the security and the amount of the loan. It is provided that the maximum sum which can be loaned to a settler is \$2,500. In making any loan it is provided that the Soldier Settlement Board must be satisfied that the value of the security offered is sufficient to justify the amount of the loan. The value of the land as security will be determined by the board by inspection and appraisal.

In determining the amount which may be loaned on any farm three things are taken into consideration: (1) The agricultural productiveness of the land; (2) the commercial value of any other security

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given; and (3) the ability of applicant to make from the land a fair living for himself and family, after making all interest and other payments which may become due on his loan.

The amount which may thus be loaned to any soldier settler will in every case be dependent upon the value of the security given, but is based primarily upon the judgment of the Soldier Settlement Board. Thus, if an applicant owned an unencumbered farm valued at \$2,400, the board might authorize a loan thereon of \$1,400, \$1,600, or even a larger sum if other conditions proved satisfactory. It is this flexibility which is unique in the Canadian system of financing land settlement by soldiers and sailors.

First mortgage security must be given for all loans on privately-owned lands. Also all loans on Dominion lands shall constitute a first lien thereon. But no loans can be made on a leasehold, on an agreement to sell, or on any other limited title.

The Soldier Settlement Act provides that a settler may postpone the payment of the whole or part of the first two instalments on his loan to such later date as the board may deem expedient. In that case, such deferred payments will continue to bear interest at the designated rate of 5 per cent. On the other hand, a settler may pay the whole or any part of his loan with interest at any time, the interest being payable up to the date of such payment.

Method of Obtaining a Loan

The loan privileges of the Soldier Settlement Act went into effect when the Governor-in-Council approved the loan regulations of the board on April 5, 1918. It was necessary to prepare regulations, methods of procedure, and organization in order to carry on the loan administration satisfactorily. Consequently, offices were opened in each province, land appraisers were appointed to make the appraisements in each case, and solicitors were employed to examine titles and prepare the necessary documents. The charges for these services were at the expense of the Soldier Settlement Board and not of the borrower.

Applications for loans are considered by advisory councils in each province. These councils are composed of the best farmers in each community, who act in an honorary capacity. It is their duty to see that the application of each soldier for a loan is justly and impartially considered in accordance with the merits of the case and the requirements of the act. Moreover, the provincial office and its advisory council study the best methods by which the loan provisions may be used, not only to assist returned soldiers to establish themselves on the land, but also to meet in the best way the special needs and conditions of each particular province. That is, the soldier applicant is aided and encouraged to practise a type

of farming or stock raising which is likely to become most successful in the different provinces of the Dominion. In this way the soldier settler is expected to improve his economic condition and to increase the agricultural wealth of the province.

In the matter of obtaining a loan, certain preliminary information is necessary. It is to be noted particularly that no application for land or a loan can be made until the soldier or sailor is demobilized.

The first step of a returned soldier in procuring a loan is to apply to the Soldier Settlement Board or any of its local representatives, which are appointed in each province of the Dominion, for a preliminary information form. In filling out this blank form the applicant provides the board with information covering his military or naval rank, regimental number, service overseas, occupation before enlistment, previous farming experience, and his fitness for land settlement. On receiving this information, the case is referred to the Militia Department of Canada for a report on the applicant's military record. If this report shows him to be eligible as a settler within the meaning of the act, he is given a certificate of attestation affirming his right to a loan. The prospective soldier settler may then make a formal application for a loan before a representative of the board, in which he specifies the purposes for which the loan is to be expended, gives full particulars concerning the land offered as security, and

furnishes such other details, references and information as may be required. With this information in its possession, the board has the value of the property appraised and the title examined by its solicitor.

After the approval of a loan and completion of the documents, the board issues warrants to the vendor named by the settler for the expenditure of the money for the purposes designated. But the entire sum for which a loan is approved is not necessarily advanced to the borrower at one time. The applicant's financial condition and existing needs are carefully considered and such initial advances of funds are authorized as are deemed advisable. Then, as the settler progresses with his improvements and increases the value of his holding, further advances are made from time to time until he has received the total amount of his loan.

In carrying out the act and the board's regulations, the cases requiring immediate attention were first given consideration. The applications for loans by returned soldiers who had farms before they went to war and who were desirous of renewing their farming operations without delay were first considered and approved. Applications for loans are now being examined in all provinces of the Dominion. By July 15, 1918, or three months after the board's regulations had gone into effect, no less than 606 applications for loans by soldier settlers who had

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complied with the requirements of the act had been approved for a total of \$690,800.

Analysis of Canada's Land Settlement Problem

For the immediate needs of the Dominion's agricultural requirements, land and labor seem to be abundant. At present there is enough free government land to give a farm of 160 acres to every discharged soldier and sailor who wishes to engage in farming for a living. It may also prove to be the case that there will be no lack of land when demobilization of the naval and military forces of the Dominion has been completed. Under any circumstances it is the government's plain intention to put land settlement on a sound basis by exercising supervision over both land and labor. If an applicant has no land it will be given to him; and if he has had no farming experience, he will be instructed in the principles of farming until he is fitted to operate a farm successfully on his own initiative. From the viewpoint of land and labor, Canada's scheme of land settlement by ex-service men is not likely to fail.

But most of the land in the eastern provinces of the Dominion lie north of the forty-fifth parallel of latitude, while the free land open for settlement in the three western prairie provinces of Manitoba, Saskatchewan and Alberta, as well as in the extreme northwestern province of British Columbia, lie north

of the fiftieth parallel. The severe climatic conditions which prevail in those parts of North America not only limit the scope of garden, farm and livestock production, but they render more precarious these various lines of the agricultural industry. If these severe climatic conditions are not offset by easy terms and conditions of loans to settlers, the prospects of success will not be promising notwithstanding the extensive free gifts of land by a generous government.¹

Under the Canadian scheme of land settlement by soldiers, loans can not exceed \$2,500 in amount, are made at 5 per cent interest, and are repayable in 20 years. These terms and conditions do not compare favorably with those of the federal farm loan system in the United States, which were provided primarily to encourage agricultural development by already established farmers. Under this system loans may be made for \$10,000 and for periods of time ranging from 5 to 40 years. The rate of interest was first established at 5 per cent, the same as that of the Canadian Soldier Settlement Act, but was raised to 5½ per cent in December, 1917, as a result of financial conditions which prevailed after the United States had entered into the European conflict.

The difference of ½ of 1 per cent, however, in the rate of interest is more than compensated by double

¹For a more detailed account of the results of investigations on available government lands in Canada and the problem now created, see Chapter IX under the subdivision entitled "A New Land Policy."

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the period of a loan and four times its amount which are afforded under our farm loan system. Moreover, land settlers in Canada are not established farmers, the majority of them being returned soldiers without any previous farming experience and with little or no accumulation of capital. The climatic and the loan conditions together will doubtless render the lot of the average soldier settler a hazardous one. These seem to be the only weak features of the Canadian land settlement scheme for ex-service men. If success finally crowns the efforts of these soldier settlers it will be in spite of these conditions and not because of them. But when, after a few years of trial, the facts concerning the Dominion's scheme of land settlement for returned soldiers and sailors have been fully recorded as a matter of history, if more settlers fail than succeed it will be because the rate of interest on loans was too high, the amount of a loan too low, and the period of loans too short to make success possible under the severe climatic conditions of North America which render agriculture exceedingly precarious under the best conditions of land, labor and capital.

CHAPTER VIII.—LAND SETTLEMENT FOR SOLDIERS IN THE UNITED STATES

We now come to our own country. What opportunity presents itself to the United States in view of reconstruction problems in European countries? What has been done or what is proposed to be done in the way of settling soldiers on the land and for increasing agricultural production? And, lastly, what scheme of land settlement for soldiers should be advocated as a result of our review of national programs of reconstruction? These are some of the questions which press for answer during the course of demobilization of the surplus military and naval forces of our country, the results of which will affect our economic prosperity and social welfare for many years to come.

Let us endeavor, then, to ascertain our opportunities and face our problems as they relate to the great national industry of agriculture. Never before in the history of the world has any nation seemed so favored as the United States with opportunities and resources for promoting our own welfare, for financing the reconstruction of devastated countries, and for aiding in the economic and social uplift of long-suffering humanity.

The Danger of Unemployment

The place of agriculture in reconstruction is primarily to provide, as promptly and as abundantly as possible, food for the people and the raw materials for many industries. There is no time for experiments in ideal land settlement schemes. There is danger of unemployment, for thousands of soldiers are being demobilized weekly from our camps, thus being let loose on the labor market under abnormal conditions. War-time industrial plants are being closed down because of the cancellation of military contracts, which throws out of employment many thousands of workers. Manufacturers of food products and textile goods are unable and unwilling to absorb these discharged industrial labor forces, because of their lack of experience, a scarcity of raw materials, the uncertainties of taxation, and the high price of credit.

Demobilized soldiers and sailors add to the stream of unemployed labor. In an address before the American Academy of Social and Political Science at New York in December, 1918, Mr. Nathan A. Smith, assistant director-general of the United States Employment Service, said:

“Soldiers are being discharged by the thousands daily on the basis of military units, with no reference to whether or not they are now needed in industry. They are being mustered out on a few days’

notice and given in money the cost of transportation to their homes, free to buy tickets wherever they please. Already they are turning up in the cities, improvident, 'broke,' away from home without work, applicants for civilian relief. Many others are unwilling to undertake the day-labor jobs which alone they can find. There is every prospect that unless remedial measures are promptly taken the sight of stranded, workless, moneyless soldiers will be common throughout the land.

"The great danger is that there won't be jobs enough to go around; that unemployment will come with attendant misery and social unrest at a time when anarchistic tendencies are contagious.

"The remedy of building public works is not available on a large scale until spring. The farms will not call urgently for men until frost thaws out. Chiefly must we look to our manufacturers to carry the burden. But they are hesitant. Taxes are not yet determined. The cost of money is high and credit timid for a while. The prices of raw material and labor are high. The producer hopes they will fall and manifests a tendency to wait till they do. To meet each of these deterrent features is an immediate national task."

If, then, a practical program of land settlement is contemplated, it should aim to bring into use without delay all land that offers the prospect of profitable cultivation. Drainage and irrigation projects

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involving heavy cost and a long period of time should wait until land now held out of use is brought under the plow. There are millions of acres of land that could thus be used for the absorption of unemployed labor under a rational governmental system of land settlement for soldiers.

Climate and Land Areas

From an agricultural point of view, the United States is highly favored as to climate and land areas. Lying between the twenty-fifth and forty-eighth parallels of latitude, the country enjoys degrees of climate varying from temperate to semi-tropical. Not only can the greatest variety of crops be grown, but agriculture can be practised in some parts of the country every month of the year. Taken as a whole no country in the world is more favored in its climatic conditions for the production of foods, both vegetable and animal, and the raw materials of many industries. Its land areas are so extensive that it can easily produce not only all our own needs in foods and raw materials, but a large surplus for less-favored nations. The outlook for farming and live stock raising in the United States is not surpassed by any other nation on the globe.

The land area in farms and capable of being farmed in 1910 amounted to 1,903,289,600 acres. This land area was actually less by 172,160 acres than it was in 1900, notwithstanding the increase in area due

to the drainage of lakes and swamps in Illinois and Indiana. The decrease in land area was the result of building the Roosevelt and Laguna reservoirs for irrigation purposes and the formation of the Salton Sea in California. While the actual land area that could be used for farming and stock raising was thereby decreased, the outlook for agricultural production was greatly improved because of the opportunities thus afforded for irrigating large tracts of land and making them more productive than the increased acreage would have been without a water supply.

Of the total acreage in the United States, only 878,798,325 acres, or much less than one-half, are now in farms, and of the farm-land area only 478,451,750 acres, or 54.4 per cent, of the land in farms are improved. There is a vast amount of land, therefore, now uncultivated on farms that could be put under the plow and which would in all probability supply all the requirements of land settlement for demobilized soldiers for many years to come without resorting to costly drainage and irrigation projects which will take long periods of time to complete. Such projects could not possibly be of any immediate service in increasing agricultural production, which is the pressing need of the hour. They could, however, furnish employment to demobilized soldiers in their construction, and this is one of the aims of the Reclamation Service of the Department of the In-

terior in its plan of land settlement for soldiers. So far as land areas and farming opportunities are concerned, there is no reason why all the unemployed labor forces released by the cessation of the war can not be readily absorbed in agricultural production if they should offer themselves for this line of work. As we shall see later, very little provision has been made for this emergency and there is very little desire on the part of ex-service men to seek entrance into the various lines of farm work in this country.

In a pamphlet entitled "Farms for Returned Soldiers," the Secretary of the Interior states that the United States has approximately 230,657,755 acres of free land, but that "it is safe to say that not one-half of this land will ever prove to be cultivable in any sense." In addition, he estimates that there are practically about 15,000,000 acres of desert land which may be reclaimed by irrigation; some 80,000,000 acres of swamp land open to reclamation by drainage; and about 200,000,000 acres of cut-over land which is suitable for agricultural development. But Secretary Lane adds this important statement regarding the ownership of these lands and their relation to any future settlement scheme for soldiers:

"It has been officially estimated that more than 15,000,000 acres of irrigable land now remain in the government's hands. This is the great remaining storehouse of government land for reclamation. Under what policy and program millions of these acres

could be reclaimed for future farms and homes remains for legislation to determine. The amount of swamp and cut-over lands in the United States that can be made available for farming is extensive. Just how much there is has never been determined with any degree of accuracy. Practically all of it has passed into private ownership. For that reason in considering its use, it would be necessary to work out a policy between the private owners and the government unless the land was purchased."

From this statement it appears that only a comparatively small part of the land area of the United States is publicly owned; that this land must first be reclaimed by irrigation projects before it can be used for farming; that the swamp and cut-over lands have passed into the hands of private owners; and that the actual extent of this land is not accurately known. At the close of 1918 the plan of land settlement for soldiers had reached the stage that \$200,000 had been appropriated by Congress to make a preliminary study of the unused lands of the country and to ascertain with more accuracy the actual extent of such reclaimable land areas; and also that \$1,000,000 more had been recommended by the President to be used in the same work. In other words, all money already appropriated and all money which has been asked to be appropriated will be expended in ascertaining how many millions of acres of land can not be used for agricultural production until they have

been reclaimed by irrigation, by clearing, and by drainage.

A New Land Policy for Soldiers

By far the largest part of the reclaimable land areas in the United States is confined to the cut-over lands in the Pacific Northwest, within the states of Oregon and Washington; in the lake states of Minnesota, Wisconsin and Michigan; and in the South Atlantic and Gulf-Coast states of Virginia, North Carolina, South Carolina, Georgia, Florida, Alabama, Mississippi, Louisiana and Texas. The timber has been cut off these lands and they have been left to grow up into brush. The process of reclamation will consist largely of clearing the brush growth and removing the stumps. An estimate by the Department of the Interior of the amount of this land which is suitable for agricultural production places it at about 200,000,000 acres. But substantially all this cut-over or logged-off land is under private ownership and has remained undeveloped because of inadequate method of approach. Of this extensive land area the Department of the Interior has said that "unless a new policy of development is worked out in cooperation between the federal government, the states, and the individual owners, the greater part of it will remain unsettled and uncultivated."

The plan outlined for developing all such unused land is to employ soldiers thereon in reclamation

work. For several years large areas of reclaimed land have been subdivided into individual farms and then sold to farmers on a long-time payment basis under the provisions of the reclamation act. One of the new features of this plan is that the occupiers are aided in the improvement and cultivation of their farms. It is proposed to adopt this policy but on a larger scale. By the expenditure of the appropriation of \$200,000 and other anticipated appropriations, the Department of the Interior expects to ascertain "where it is practicable to begin new irrigation projects, what the character of the land is, what the nature of the improvements needed will be, and what the cost will be. We should know also, not in a general way but with particularity, what definite areas of swamp land may be reclaimed, how they can be drained, what the cost of the drainage will be, what crops they will raise. We should have in mind specific areas of grazing lands, with a knowledge of the cattle which are best adapted to them and the practicability of supporting a family upon them. So, too, with our cut-over lands. We should know what it would cost to pull or blow out stumps and to put the lands into condition for a farm home."

It will be noted, however, that while a program is outlined for determining the character and amount of the land areas that can be used for agricultural purposes, as well as the cost of the reclamation

projects, not a word is said about the length of time it will take to prepare these lands to yield crops. And it is the latter feature of the reconstruction problem which calls for immediate solution. In the meantime what are our returned soldiers and sailors to do in the way of employment? The new land policy provides that they shall be engaged in reclaiming the land, constructing the irrigation ditches, building the houses and barns, and fitting the land for farming as civilian government employees. The Secretary of the Interior thus outlines the new policy of creating farms out of the unreclaimed lands of the country:

“This plan does not contemplate anything like charity to the soldier. He is not to be given a bounty. He is not to be made to feel that he is a dependent. On the contrary, he is to continue in a sense in the service of the government. Instead of destroying our enemies he is to develop our resources.

“The work that is to be done, other than the planning, should be done by the soldier himself. The dam or the irrigation project should be built by him; the canals, the ditches, the breaking of the land and the building of the houses should, under proper direction, be his occupation. He should be allowed to make his own home, cared for while he is doing it, and be given an interest in the land for which he can pay through a long period of years, perhaps 30 or 40 years. This same policy can be carried out as

to the other classes of land, so that the soldier on his return would have an opportunity to make a home for himself, to build a home with money which we would advance and which he would repay, and for the repayment we would have an abundant security. The farms should not be turned over as the prairies were—unbroken, unfenced, without accommodations for men or animals. There should be prepared homes, all of which can be constructed by the men themselves, and paid for by them under a system of simple devising by which modern methods of finance will be applied to their needs.”¹

Very little, however, of this new policy and program has been realized. When the outline of the plan given above was written it was expected that, at the conclusion of the war, the United States would be able to say to its returned soldiers:

“If you wish to go upon a farm, here are a variety of farms of which you may take your pick, which the government has prepared against the time of your returning.”

But the end of the war came, a million men or more were demobilized from our camps, and two million more men are being gradually returned to our shores, only to find that there are no farms ready, that it is not even known how much unreclaimed land there actually is in the country, and that no reclama-

¹Dept. of the Interior pamphlet, “Farms for Returned Soldiers” (1918), pp. 9, 10.

tion projects have been prepared and approved to furnish them employment. The proposed new land policy for soldiers, therefore, is still a reconstruction enigma.

The cost of making these preliminary surveys has been placed by the Department of the Interior between \$1,000,000 and \$2,000,000; those familiar with reclamation work estimate the cost of creating farms out of the arid, semi-arid, swamp and cut-over lands as something like \$2,000,000,000. And some 5, 10, or 20 years must necessarily elapse before these ideal land settlement farms could see the light of day, with their model community centers comprised of townsites surrounded by 40 or 80 acre farm homes well provided with live stock and farm implements, and possessing all the advantages and none of the loneliness of ordinary rural life and work. In the meantime half a billion acres of unused farm lands, which could be put into cultivation without delay, lie idle waiting for the coming of the soldier or the civilian farm laborer. Many of the nations of the earth are calling for food and for several years to come they will call for those raw materials of industry which cultivation of the soil and live-stock raising can alone produce. From these two points of view there is farm land enough not in use in the United States, which would produce all the food and all the raw materials required by our own and by other nations if labor and capital

were available. These are the two factors of wealth production which are vitally important to the success of land settlement for soldiers in the United States.

Supply of Unskilled and Farm Labor

There are two requirements necessary to make discharged service men successful farmers, namely, an inclination to do hard work and a knowledge of farm practises. Without these qualifications those who have had outdoor life as soldiers are no more likely to succeed than would civilians without previous farming experience. As regards agriculture all land is worthless until labor and capital are applied to it in the production of wealth. The first step, therefore, in increasing agricultural production is to put trained men on our farms wherever possible. If our soldiers and sailors have not had this training in actual experience before entering the military or naval forces of the country, they should be given such training without delay. Any other policy would be fatal to their success as landowning farmers.

Every country which has seriously considered the place of agriculture in reconstruction has recognized the need of these qualifications in all applicants for land and a loan. Educational programs have been adopted and put into practise in Great Britain, France, Canada, and other countries. In the United States, however, little or no place was found for gar-

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dening and farming in the program of the Federal Board for Vocational Education. Under the influence of European life and experience, however, vegetable gardens for convalescing soldiers were established at a few American army hospitals in France. These proved so successful in engaging the mental and physical energies of sick and wounded men that the American Red Cross sent a representative back to the United States to secure the services of ten expert market gardeners to direct such light outdoor activities at all American army hospitals during their continuance in France.

According to reports these gardens offered interesting and useful occupations to convalescing soldiers and were of great practical service not only in providing vegetables for the hospitals, but in giving the men an insight into the best garden practises and a liking for an outdoor mode of life. In many cases of shell shock the doctors agreed that garden or farm work is one of the best restoratives. Many of the patients enjoyed the outdoor activities so much and became so attached to the soil that they have announced their intention of obtaining land and taking up gardening or farming on their return to the United States.

In connection with one of the hospital gardens the American Red Cross has established a small model experimental dairy with some thorough-bred cows provided by the French government. The object is

to give patients instruction in the care of cows, to demonstrate their value as food producers on small holdings, and to prove the importance of keeping live stock for the production and use of organic manures on the land. A small increase in our farm labor supply may be anticipated when these soldiers have been demobilized after their return to this country. But from this source no great increase in our farming forces can be expected. Vocational training of American soldiers in gardening and farming either in France or in the United States is on too small a scale to add any considerable number of farm laborers, tenant farmers, and farm owners to the list of those already engaged in agricultural production.

The national program of land settlement as represented by the Department of the Interior is one involving a vast amount of day-labor work for a long period of time rather than of actual provision for farm labor. The plan is primarily one of land reclamation, not of agriculture. The latter can only be encouraged and developed after the reclaimed land has been more or less fitted for farming purposes by clearing, leveling, ditching, stumping, and fertilizing. These tasks involve the hardest physical labor and the lowest wages. A great deal of it calls for unskilled labor under direction of reclamation experts.

The problem, then, is not as to the offer of work to our returned soldiers, but whether they are or will

be inclined to do day-labor work of the kind and in the places where it may be offered to them. The assistant director-general of the Employment Service connected with the United States Department of Labor evidently speaks with authority when he says that soldiers discharged from the home camps "are unwilling to undertake the day-labor jobs which alone they can find." Is it any more likely that men of the over-seas army will be more willing to do this kind of work than the home guard? The ranks of unskilled and of farm labor have not been greatly recruited from the million and more men demobilized from camps in the United States, nor is there any information available which would favor the view that the men who have seen active service will be more inclined to swell these ranks than those who were in training unless, perhaps, the wages are made high enough to offset the unattractiveness and strenuousness of the work.

But that raises another economic problem of no small magnitude. Suppose the returned soldiers who do this kind of work are paid \$4 a day, as it is proposed to do, what effect will this have upon the price of the land ultimately expected to be fitted for farming? Will it not raise the cost of such land to a price beyond the reach of the average soldier and render it prohibitive of being made profitable for farming for a long time to come? Experience has shown that to make farms ready for cultivation on some recla-

mation projects where unskilled laborers were paid the normal rates of wages only, the estimated value of the land runs from \$100 to \$150 an acre. If the day-labor wages on such projects had been doubled, the cost of the land would be prohibitive. And if it happened to be an irrigation project, to these land values must be added the ultimate cost of a water right, which has been placed at between \$40 and \$50 an acre. A soldier with no experience and little capital would find the problem of making a living for himself and family from such a high-priced farm an exceedingly difficult one to solve after paying interest and amortization payments on his long-time mortgage and short-time personal credit loans.

The only hope of salvation for such settlers under these circumstances would be to grant them loans on very long time and at an exceedingly low rate of interest. On this basis the annual or semi-annual instalments on loans would be very small and it is possible that the farmer would be able to pay them out of his net earnings. But the first years of settlement are always the hardest as to labor and the worst as to income, so that under the best of conditions the prospects of the average soldier on reclaimed farm holdings would be that he could look forward to plenty of hard work, much anxiety, and small returns.

One other difficulty likely to arise in the case of farms created out of free lands is that the soil will

not be of good quality for crop production. The Secretary of the Interior has stated that not one-half of the free government land open to settlement will ever prove to be cultivable. The other half is the poorest land in the country. Long ago the best agricultural lands had been picked and settled, so that there remains of free land for soldiers only that which will yield a crop with difficulty. This is the situation as to free land and it is not promising from any point of view. If such land lies in humid regions, it would require to be reconstructed by means of organic manures; if it lies in arid or semi-arid regions, it would require water as well as fertilizers; if it is swamp land, it would have to be drained and possibly limed; if it is cut-over land, it would have to be cleared and fertilized. The problem of growing a crop, feeding his live stock, and making a living would be intensified for the soldier settler no matter how easy the terms or how long the period of his loan. These are the difficulties which must be faced in any plan of settlement on free government lands, whether or not they are subject to reclamation before farming operations can be actually begun.

In summing up the entire reclamation outlook with a view of having some tangible scheme of work to offer to returning soldiers, the Secretary of the Interior reported to Congress as follows:

“We must know, first, what lands are available

for such use. Then we must have surveys and estimates made which will enable us to say which bodies of land of the various classes are most available, and that from many standpoints—soil, climate, markets, relative cost of reclamation. And, thirdly, when these selections are made in the different sections of the country, plans in detail must be made which can be submitted to the Congress for the development of these projects. To do this as to the drainable lands of the South, for instance, or the irrigable lands of the West, will necessitate speed if we are to meet the soldiers on their return with a positive proposition that they may take new employment under the government in constructive national work.”¹

The most vital point affecting the supply of unskilled labor on proposed reclamation projects is the fact that demobilized soldiers are not inclined to engage in this kind of work. The same is true in the matter of procuring farms on these reclaimed lands. Of course there is neither work nor farms to offer them at present because Congress has made no provision for these projects. But the subject has been given general publicity in our camps and throughout the country. But of a million men demobilized in the United States only a very few have made inquiries about land and a loan. Letters of inquiry addressed to the United States Department of Agri-

¹ Senate Report No. 580, 65th Cong., 2d Sess., p. 2.

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culture or the Department of the Interior are generally referred to the Federal Farm Loan Bureau for reply, especially if the inquirer asks about a loan. This is probably because it is now quite generally known throughout the country that the federal farm loan system makes mortgage loans to farmers on easy terms as to rate of interest, method of repayment, and period of loan. But the system was instituted for farmers and not for returned soldiers, very few of whom are landowners. But no public land is open to settlement except under the Homestead Law, and no loan can be made under the Federal Farm Loan Act except on first mortgage on farm land at 5½ per cent interest, so that a newly settled homesteader cannot be granted a loan under the federal farm loan system. The simple fact is, therefore, that in the spring of 1919, the few soldiers who are inclined to make entry as settlers can be given no encouragement to do so, because no national program has been prepared for supplying either land or capital.

Cooperation with State Governments

In addition to gathering information as to the extent of the largest bodies of land which can be wisely placed under irrigation, those which have been cut over, and those which can be reclaimed by draining, the Department of the Interior sought in its survey to ascertain the size and availability of the bodies of

unused tillable land in the country. The object in this case was to have each state cooperate with the national government "in providing farm homes for its own returned soldiers, and that it was well to have some information in hand for the Congress on this matter."

On September 14, 1918, a letter was addressed to the governor of each state suggesting the practicability of this cooperation and asking a series of questions as to the amount of available unused lands within each state. So great an interest was manifested in this matter that a bill was drawn up to provide employment and rural homes for soldiers, sailors and marines, "under which the states shall furnish the lands and the United States the funds, with an alternative proposition so that the states may participate further in furnishing funds and also in supervising the improvement and settlement of the lands." The bill was submitted to all state governors who were requested, if it met their approval, to present it to their respective legislatures. If passed it is to be known as "The Soldier Settlement Act" as in Canada.

The bill provides for the appointment of a board of three commissioners in each state with authority to expend funds for acquiring agricultural lands and to utilize state public lands suitable for settlement purposes.

The basis of cooperation under the first plan is

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that the state shall provide the land needed for settlement and the United States shall provide the money necessary to meet the expenses of reclamation and subdivision of land and the purchase of necessary improvements and equipment to perform the necessary work, and to have charge of all settlement work.

The basis for cooperation under the second plan is for the board of commissioners to make actual expenditures in an amount not less than 25 per cent of the total investment for reclamation, for actual payment for the land, for farm improvements, and for the purchase of farm implements, live stock and other necessary equipment. Under the supervision of the Secretary of the Interior the board has authority to control the preparation of the land for homes and for its settlement. In the matter of subdivision of the land and its improvement it is provided that the unimproved land for individual farms shall not exceed a value of \$15,000 and for farm-laborer allotments a value not exceeding \$1,500. Such improvements as seeding, planting, fencing and draining the land, as well as the erection of dwelling house, barn or other buildings, may be made by the settler under contract with the board, or these necessary improvements may be carried out by the board before the farms and allotments are opened for settlement. Funds for the purchase of land, the making of permanent improvements, and the

purchase of farm equipment may be borrowed of the United States.

Loans made to settlers for the purchase of land and the making of permanent improvements are designated as "long-time" loans; those made for the purchase of live stock, necessary equipment and supplies, and for fitting the land for crop production are called "short-time" loans. The latter cannot exceed \$3,000 on a farm and \$1,000 on a farm-laborer allotment. Loans will be made only to approved settlers who are citizens of the United States and on the condition that they possess not less than 10 per cent of the improved and equipped value of the farm or allotment and are fit to cultivate and develop the same successfully.

Each approved applicant enters into a contract of purchase, which creates a first mortgage or other effective lien for the payment of the price of the land, the reclamation costs, the farm improvements, and other charges. He also agrees to actually occupy the land within six months and reside thereon for at least eight months of each calendar year during a period of five years, unless prevented by sickness or other cause satisfactory to the board.

The payment of a loan by a soldier settler is provided for as follows:

"The contract shall provide for immediate payment of 2 per cent of the sale price of the land, including reclamation costs, and in addition not less

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than 10 per cent of the cost of the farm improvements. The balance of the amount for the land and the reclamation costs shall be due as follows: 2 per cent each year for the first four years, and thereafter shall be due in annual payments to be fixed by the board for a further period not exceeding 40 years so as to repay the capital sum with interest on deferred payments from the date of the contract at the rate of 4 per cent per annum. The title to the land shall not pass until full payment for the land and the reclamation costs.

“The amount due on farm improvements shall be repaid in a period to be fixed by the board not exceeding 20 years so as to return the capital sum with interest on deferred payments at the rate of 4 per cent per annum.

“The repayment of short-time loans shall extend over a period to be fixed by the board not exceeding 5 years, payable in such amounts and at such times as may be determined by the board.

“The purchaser shall have the right on any instalment date to pay any or all instalments thereafter due.”

The contract of purchase also provides that the settler shall cultivate the land in a manner approved by the board, shall keep all improvements, buildings and equipment in order and repair, and shall pay such assessments as a board may levy to provide the equivalent of insurance. If the settler fails to com-

ply with any of the terms of the contract, all payments previously made thereon are to be deemed a rental paid for occupancy. Upon the forfeiture, cancellation or relinquishment of a contract, a board has the right to sell any farm or allotment with improvements, buildings and equipment to any other qualified purchaser.

Any state board of commissioners appointed under the provisions of this bill has authority to provide all necessary means for furnishing agricultural training for the soldier so as to render him better qualified for the cultivation of his land.

Analysis of the Cooperative Plan

The plan of land settlement by soldiers outlined above is dependent upon the passage of the proposed bill by the various state legislatures. Some of them may not meet for a year and others even for two years. The bill may not be passed even then, or, if passed, may be modified considerably. But, assuming that this bill will become a law as it has been drawn by the United States Department of the Interior, it is necessary to know clearly just what it offers to a returned soldier who may desire to take up one of the proposed farms or farm-laborer allotments on a reclamation project and also what are the soldier's financial obligations in the matter. For example, if a settler desires to purchase unimproved land or an improved farm or allotment valued at

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\$1,500, \$5,000 or \$10,000, what are the terms and conditions of repayment of loans which confront him? Let us see.

1. *The land.* A settler cannot purchase land unless he can satisfy the board that he has sufficient capital to provide for the immediate payment of 2 per cent of the sale price of the land, including the reclamation costs, and 2 per cent each year for the first four years. On a farm-laborer allotment valued at \$1,500 he will pay down \$30 at once and the same amount each year for the next four years, a total of \$150. On reclaimed farm land valued at \$5,000, his immediate cash payment would be \$100 and four successive payments \$400 more, a total of \$500. On reclaimed land valued at \$10,000, his immediate cash payment would be \$200, and the same amount each year for the next four years, a total of \$1,000. After five years he would owe on a \$1,500 farm-laborer allotment \$1,350 on the land and \$4.80 interest at 4 per cent on the four deferred payments, or \$1,354.80; on unimproved reclaimed land worth \$5,000 he would owe \$4,500 and interest as above, or \$4,516; and on similar land worth \$10,000 he would owe \$9,000 and interest on deferred payments or \$9,032. On the unpaid balance of his debt the purchaser pays 4 per cent interest and he has to pay the balance due in annual amortization instalments during a further period not exceeding 40 years.

The reclamation of the land for agricultural use may include the construction of works for drainage, irrigation, building levees, general sanitation and sub-division of the land, the clearing of timber, the leveling of land when necessary, and for other work as the nature of the individual project may require, in order to render one or more groups of farms available for agriculture.

When a returned soldier buys land which requires the maintenance by a state board of any such irrigation, drainage or other works or improvements, the board has authority to require of each purchaser of land, "the payment of proper and reasonable charges for the operation, maintenance and preservation of such works and shall also be authorized to make reasonable charges pursuant to general regulations for services rendered to the purchasers of land and others." What any particular maintenance and service charges may amount to cannot be stated, but they are annual charges which every settler must pay as they become due. No privilege is granted of deferring these maintenance and service charges to the time when the soldier has become well established as a prosperous farmer, but they must be paid even during the first trying years of his experience when the struggle to succeed is the most strenuous.

After the payments for the land and reclamation costs, the maintenance charge, and the service charge

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have continued for five years, the annual amortization instalments must begin in order to pay off the entire debt on the reclaimed land with interest at 4 per cent. The time allowed for repaying the debt on the land is optional with each state board, but it cannot exceed 40 years. The longer the time allowed the smaller will be the annual payments on the capital debt to redeem it within the stated time.

In view of the other charges against the land and the expense of operation during the earlier years of settlement, each soldier settler should accept the full period of 40 years for paying his debt on the reclaimed land in order to lower his annual necessary expenditures as much as possible. This is especially desirable in view of the fact that he is granted the privilege of paying off any part or all of his land indebtedness at any instalment date. In every prosperous year, therefore, a settler might be able to pay off a much larger sum than the regular instalment on his land indebtedness, thereby decreasing both the period of his loan and the amount of interest. For under the amortization plan of repayment, a debtor has to pay interest on the unpaid balance of his debt only. The result is that while the regular annual instalment, which includes interest and a part of the principal, does not change during the life of a debt, the amount annually applied in the payment of interest is always decreasing, while the sum applied in extinguishing the debt increases from

year to year. The privilege granted to soldiers of paying off any part of their land indebtedness at any instalment period will work to their advantage by reducing the amount of interest they will have to pay and the period of their indebtedness. Under this privilege a soldier may be able to pay off the land debt on his farm within 20 years instead of 40 years, as designated in the proposed law.

At the end of the fifth year the first regular instalment on his debt for the land and reclamation costs becomes due, and this instalment, which includes interest at 4 per cent and part of the debt, is payable each year for 40 years, at which time the debt on the land will have been paid. On the basis of the figures given above, the regular instalments will be as follows:

Debt of	\$1,354.80;	annual instalment	\$68.45
" "	4,516.00;	" "	228.16
" "	9,032.00;	" "	456.33

If the value of the land and reclamation costs should equal the maximum of \$15,000 permitted by the bill, a soldier settler would pay off \$1,500 during the first four years. At the end of the fifth year, he would owe on the land, with interest on deferred payments at 4 per cent, \$13,548. To repay this debt with interest at 4 per cent a year in 40 years, the annual instalment would be \$684.50.

It can readily be seen, therefore, that a soldier who takes up a farm on reclaimed land will have a

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serious financial problem to meet even though the debt has to be paid on the amortization plan and on comparatively long time and low rate of interest. The title to the land cannot pass to the settler until full payment for the land and the reclamation costs has been made.

2. *Farm improvements.* But there are other payments which a soldier who settles on reclaimed land has to make besides those on the land itself and which may materially affect either his decision to take up a farm under a reclamation project or his ability to succeed on such a farm. One of the most important of these payments is that concerning farm improvements. Under the proposed bill farm improvements may include the seeding, planting and fencing of the land, the erection of dwelling houses and out-buildings, "the construction of farm drains and laterals, and the making of such other improvements as may be deemed necessary or proper to render the particular farm or allotment habitable and productive." The maximum expenditure for farm improvements upon any particular farm or allotment is to be agreed upon between a state board and the United States.

Whatever these expenditures may be, a settler is required to pay immediately "not less than 10 per cent of the cost of the farm improvements." If the farm improvements cost \$3,000, the settler must be

prepared to pay down \$300 when he takes possession in addition to the 2 per cent of the land value and reclamation costs. For the payment of the balance of the cost of the farm improvements, the bill provides as follows:

“The amount due on farm improvements shall be repaid in a period to be fixed by the board not exceeding 20 years so as to return the capital sum with interest on deferred payments at the rate of 4 per cent per annum.”

Since nothing is said in this sentence to indicate what are the “deferred payments” or how many years they shall continue, it is more than likely that this is an error. The settler has to pay immediately for farm improvements 10 per cent of their cost, and this is the same total percentage payments required for the land and the reclamation costs which, however, in addition to the immediate payment of 2 per cent of their cost, are carried over a period of 4 years after the date of the contract of purchase. In all probability, therefore, there are no deferred payments in the case of farm improvements, but it is required that the settler shall pay off the balance of their cost in 20 years from the date of the contract. On the basis of an immediate payment of 10 per cent of the cost, or \$300, before he can take possession, the debt remaining on farm improvements will be \$2,700 payable in 20 years at 4 per cent annual interest. Under these terms and con-

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ditions the balance of the cost of farm improvements will be paid off by the payment of an annual instalment of \$198.67.

Now let us see what amount of capital a settler will annually need in order to meet the payments on his debt for land, reclamation costs, and farm improvements.

On the basis of the reclaimed farm land being worth \$5,000, \$10,000 or \$15,000, he must be prepared to pay in cash 2 per cent of either sum plus 10 per cent of the cost of the farm improvements, in this case assumed to be worth \$3,000. Thus on an improved reclaimed farm worth \$8,000, the settler must pay immediately \$400; on a similar farm worth \$13,000 his payment will be \$500; and on an improved farm valued at \$18,000 his immediate cash payment must be \$600.

For the next four years the settler has to pay annually 2 per cent of the land and reclamation costs, together with his regular amortization payment of \$198.67 on farm improvements. During the first four years of occupancy, therefore, he must be prepared to pay on an improved reclaimed farm valued at \$8,000, being \$5,000 on the land and \$3,000 on improvements, the sum of \$100 on land and \$198.67 on improvements, a total of \$298.67; on a farm valued similarly at \$13,000, the annual payment will be \$398.67; and on an improved farm

valued at \$18,000, the annual payment will be \$498.67.

At the end of the fifth year the plan of payment will be different. Then he will pay the regular instalments on land and farm improvements as follows:

Annual instalment on land debt of	\$4,516	is	\$228.16
“ “ “ improvements debt of	2,700	“	198.67
Total annual payment on farm valued at	\$8,000	is	\$426.83
Annual instalment on land debt of	\$9,032	is	\$456.33
“ “ “ improvements debt of	2,700	“	198.67
Total annual payment on farm valued at	\$13,000	is	\$655.00
Annual instalment on land debt of	\$13,548	is	\$684.50
“ “ “ improvements debt of	2,700	“	198.67
Total annual payment on farm valued at	\$18,000	is	\$883.17

According to the value of the farm selected, these annual payments must be continued for 16 years in order to pay the debt on farm improvements, after which time the annual instalments on the land indebtedness must be paid for 20 years longer before a soldier settler will receive title to his farm. Unless a purchaser, therefore, has a large amount of reserve capital at the beginning and during a large part of the time he is operating his farm, he must be prepared to meet these payments out of the net earnings of his farming operations. It is this financial problem which confronts every soldier settler on the class of high-priced farms offered under reclamation projects.

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An alternative plan for providing the farm improvements and thereby saving the payment of the annual instalments thereon is that a state board is given authority "to contract with the settler to make such improvements upon each farm or farm allotment." But this can only be done where the settler has a large amount of capital at his disposal with which to pay for the necessary farm improvements to make the farm habitable and productive or he is able to borrow the money for this purpose. But unless he can borrow money at less than 4 per cent, he would simply add to his financial burden by constructing the farm improvements with borrowed capital. Looked at from any point of view, the problem of meeting the financial obligations on a farm purchased under the above conditions is by no means an easy one to solve.

3. *Short-time loans.* The last point for consideration is the provision relating to short-time loans. A state soldier settlement board is authorized to secure from the United States the necessary funds to make loans to approved settlers for the purchase of farm implements, stock and other necessary equipment, which are defined as "short-time loans." They are to be secured by effective liens or chattel mortgages upon the property purchased with the money. The total amount of each short-time loan thus bor-

rowed cannot exceed \$3,000 for a farm or \$1,000 for a farm-laborer allotment.

But how are short-time loans to be repaid? It is provided that they may extend "over a period to be fixed by the board not exceeding 5 years, payable in such amounts and at such times as may be determined by the board."

The question here arises whether or not short-time loans are to be granted without interest. No rate of interest being stated, the only course left to us is to calculate the amount the borrower will have to pay to cancel his debt within 5 years. In view of the other payments which must be met, the easiest method of repayment is to divide each loan into five equal instalments. On a farm loan of \$3,000 the settler must be prepared to pay \$600 a year in addition to the payment requirements for the land, reclamation costs, and farm improvements; and on a farm-laborer allotment loan of \$1,000, the annual payment will be \$200.

Summary of the Situation

This analysis places before us not only the entire financial obligations of a settler who might undertake to purchase and operate a farm under a reclamation project, but also a summary of the situation as it applies to land settlement by soldiers in the United States. It is difficult to see how a returned soldier with little or no capital will be able

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to purchase and pay for a farm out of the cash returns derived from its operation after such farms constructed out of reclaimed land have been opened for settlement. In brief, the financial burdens of a settler will be as follows:

(1) *Immediate cash payments.* These include 2 per cent on land and reclamation costs valued at \$5,000 to \$15,000 and 10 per cent on farm or allotment improvements valued at \$1,000 to \$3,000, thus requiring each settler to have cash to pay down ranging from \$400 to \$600.

(2) *First to fourth year, inclusive.* These payments include 2 per cent on land, annual instalment on the debt for farm improvements estimated at \$2,700 and 20 per cent on a short-time loan for farm equipment varying from \$1,000 to \$3,000, thus requiring each settler to be prepared to pay out of reserve capital or the profits of farming an annual payment ranging from \$898.67 to \$1,098.67.

(3) *Fifth year.* These payments include the regular instalments on the debt for land, reclamation costs, and farm improvements, and also 20 per cent on the short-time loan for equipment, thus requiring the settler to be prepared to pay a sum ranging from \$1,026.83 to \$1,483.17.

(4) *Sixth to twentieth year, inclusive.* These payments include the total annual instalments on the debts for land, reclamation costs, and farm improvements, thus requiring the settler to pay annu-

ally for 15 years a sum ranging from \$426.83 to \$883.17.

(5) *Twenty-first to fortieth year, inclusive.* These payments include the annual instalments on the debt for land and reclamation costs only, thus requiring the settler to pay annually a sum ranging from \$228.16 to \$648.50.

While no debt can run longer than 40 years, the proposed law does provide that "the purchaser shall have the right on any instalment date to pay any or all instalments thereafter due." If unprecedented prosperity, therefore, should attend the efforts of any soldier settler so that he is able to accumulate more money than he needs to pay his regular instalments, he may shorten the period of his debt by pre-paying any part of it, thereby saving the payment of interest on the sums so prepaid.

The plain fact is, however, that no farms are open to occupancy under the proposed land settlement scheme for soldiers. A land survey is about to be made to determine how much swamp or dry land may be reclaimed and made cultivable by drainage or irrigation. When this has been ascertained, reclamation projects will provide employment for discharged soldiers and others. But how long it will be before farms will be open for occupancy and cultivation after these projects have been put under way can only be conjectured. When farms have been prepared, then will come the problem of meet-

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ing the financial obligations by a purchaser of a farm as above outlined, which will continue for 40 years with the hardest years placed at the beginning instead of at the end of a settler's farm life.

These are the features of the land settlement situation for returned soldiers in the United States which confront us, but they do not lend much encouragement to soldiers with little or no capital nor offer the prospects of an immediate increase of agricultural products, which is the great need of the world for the present and will be for many years to come. But this analysis has not been in vain. It should at least point the way to a scheme of land settlement for soldiers which may not only be easily put into effect, but which may necessitate the inauguration of a new land policy of great national importance. The far-reaching economic and social effects of such a policy require that it be treated in a separate chapter.

CHAPTER IX.—A PROGRESSIVE POLICY OF LAND SETTLEMENT

If the preceding pages have demonstrated clearly one fact, it is the close relation which exists between land, labor and capital to make farming a success. A policy of land settlement for soldiers must take this fact into consideration. On the return of nearly two millions of men from overseas, there should be land ready for occupancy if any reasonable proportion of those soldiers are expected to settle on the land and engage in some branch of agriculture. If those men have not had previous experience in farming, they should be given this training to fit them to do properly their proposed new life work. If they have little or no capital when they desire to become landowning farmers, and if their previous experience has demonstrated the likelihood that they can make a success of farming, they should be supplied with land and capital on long-time loans, on easy terms of repayment, and at a low rate of interest. Unless these fundamental conditions are fulfilled in whole or in part, land settlement by soldiers is not likely to succeed as a state or national experiment.

Demand for a Practical Program

Farmers' organizations all over the United States have recognized the need of a practical program for agriculture during the period of reconstruction and for a long time thereafter. The National Grange at its annual meeting held at Syracuse, N. Y., in November, 1918, adopted a program of agricultural reconstruction which included among other things demands for reform in the distribution and marketing of farm products, a more progressive road construction policy, a careful consideration of the land, fertilizer and rural education problems, and a rational method of providing farms for soldiers.

On the latter subject the resolutions declare that the National Grange "stands opposed to the proposed plan of providing swamp and arid lands, by drainage and irrigation, for returning soldiers, as unsound and impractical and detrimental to the best interests of the nation and agriculture. The time may come that will justify this huge expenditure of public funds, but that time is not now.

"This plan fails to take into consideration the previous occupations, desires or ambitions of these boys and the economic welfare of established agricultural communities.

"There is an abundance of unused and untenanted farms and available farm lands near established market centers to supply all needs in this direction.

The government should offer our heroic soldier boys who desire it such help as will enable them to secure farm homes of their own."

During the last week in November, 1918, representative officials of state granges, state farmers' unions, the American Society of Equity, the Gleaners, and the National Non-partisan League spent several days in drawing up a program of reconstruction to be submitted for adoption to all organizations of farmers throughout the country. Among other things the statement issued by these representatives of farmers' organizations advocated that the soldiers and sailors who were experienced in farming or who were essential to the transportation and distribution of farm products "should be discharged first and provision be made to secure them employment in agriculture at the earliest possible moment. Men not experienced in farming but who wish to farm should be encouraged to do so by the adoption of a system similar to that which has proven so successful in the settlement of soldiers in the Province of Ontario, Canada, through the provision of training for agriculture, with adequate payment during such period."

On the subject of agricultural land the conference resolved that "the present unrestrained system of land tenure must be terminated. Vast holdings of productive fertile lands in a single ownership is detrimental to all legitimate agricultural interests.

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Tenant farming should be replaced by the more responsible system of cultivation by owners. Taxation should be used as a remedy to force into productivity idle acres held for speculation."

On the subject of farm finance the conference urged that "credit must be made as available and as cheap to farming as to any other legitimate and responsible industry."

The form of credit needed for soldier farmers is held to be not land mortgage credit, but personal short-time credit. No program, however, of any kind is presented as to what agency should furnish this credit, the security required, the time such loans should run, the rate of interest, or method of repayment. But while meeting ostensibly for the purpose of framing a program of agricultural policy during the reconstruction period in the United States, no program for furnishing capital either to soldier settlers or farmers is presented or even intimated. American farmers themselves, as represented by their leaders, are as much at a loss to frame a practical policy of land settlement for soldiers as many other well-meaning persons who know little or nothing about the actual conditions of American agriculture at the present time or the reasons for the depopulation of rural districts.

A New Land Policy

What our country needs is not the opening up of more land under reclamation projects, but a more general and better use of the land already capable of cultivation and the creation of conditions which will tend to make farming more profitable and attractive. It is useless to expect men raised under American standards of living to continue to work at an industry under economic and financial conditions which threaten to deprive them of the larger part of the fruits of their labor or which subject their families to a lack of educational and social advantages to which they are justly entitled as citizens of the most progressive nation in the world. These rural life conditions now prevail in some parts of our country as a result of unrestrained land settlement schemes, unregulated marketing conditions, high interest rates and commission charges on loans, excessive taxation, and many other injustices which demand drastic measures of reform.

As a matter of fact men do not give up their farms and betake themselves to the towns and cities because of the loneliness of farm life, the lack of so-called society in rural districts, and the remoteness of farms from the doubtful "attractions" of towns and cities. But farmers have been driven from their farms because they could not make a respectable living thereon for themselves and their families, or be-

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cause they have had them foreclosed over their heads by unscrupulous land settlement schemers and money lenders. Many a state to-day, in which there are millions of acres of cut-over land it is proposed to reclaim in order to furnish employment to demobilized soldiers, has other millions of acres of agricultural land lying idle. But this is not the worst side of the matter. In some instances the farmers in those states do not produce enough from the land in use to provide their own population with necessary food supplies. Let us take at random a single state for purposes of illustration.

1. *Unused farm lands.* The annual report of the Secretary of the Interior for 1918, page 7, gives a table of the acreage of cut-over lands in the various states that are available for reclamation. North Carolina is said to have 12,745,000 acres of such lands. But over against these acres of unreclaimed lands there are about 14,000,000 acres of farm lands lying idle, or nearly two-thirds of the entire area of farm lands within the state. The soil is not only being depleted of its fertility by washing, but the land cultivated in North Carolina does not produce enough to feed her own people and live stock. The value of food and forage annually imported into that state is about \$120,000,000. The following are the imports of the single agricultural county of Durham: Corn, 1,292,000 bushels; wheat, 119,000 bushels; hay

and forage, 1,700 tons; meat, 3,595,000 pounds; poultry, 303,000 pounds; eggs, 445,000 dozens; and butter, 1,403,000 pounds.

This is a record of a single county of a state highly favored as to climatic conditions, abundant land areas, fertile soils, and with a quarter of a million farmers. Why reclaim land for the soldiers of North Carolina, or for the entire country for that matter, when there are millions of acres ready for the plow without digging a ditch for drainage or blowing a stump with dynamite? The lands are there which could easily be made ready for agriculture. If soldiers must be provided with land, would it not be a wise policy to take over the unused lands and turn them into productive farms? If any part of the lands belong to the state, it would render a service to the soldier and to the population to have the lands used in agricultural production. If the lands are privately owned, it would be less costly to purchase them than to reclaim an equal acreage by draining swamp lands or clearing cut-over lands. It would also result in saving years of time and in being more economical for the soldier settler. If there is any land settlement problem facing the American people at all, it does not relate to the reclamation of waste lands, but to state or federal control over all phases of farm land settlement. This is the problem which other nations have had to meet and there is no reason why our own nation cannot do likewise.

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As previously shown there are millions of acres of farm lands now held by private individuals and corporations. If these lands are not to be put into agricultural use by their owners but are held for speculative purposes, they should become public property once more. The amount of land not in actual use for productive farming purposes that can be owned by private individuals or corporations should be restricted as is the case in Australia and New Zealand. This is the new land policy which the demands of agriculture make well-nigh imperative.

These privately-owned lands should not be confiscated. Their value should be ascertained by a commission, such as is done in England under the operation of the Small Holdings and Allotments Act, and the owners remunerated accordingly. By this policy no injustice would be done, but a great public service would be rendered. All such unused farm lands should be taken and used for the public good. It should be done without delay, especially if the acquisition of these lands is needed for our returning soldiers.

But it is not at all unlikely that the state governments would be more or less handicapped by some landed and financial interests of the country, the same as Canada has been, if they should attempt to carry out a radical program of land expropriation. As previously stated Canada had arranged that the soldiers should have priority of entry on 160 or 320

acres of land. In addition, the Soldier Settlement Board had authority to lend to accepted settlers up to \$2500 to buy live stock and equipment and to erect buildings. But on investigation it was found that all free government land available for entry to soldiers was either of poor quality or is situated at long distances from railways, schools and other facilities. While progress was made at first in making loans to returned soldiers who already had farms, in instituting courses of agricultural training for others, in mapping out schemes of soldier colonies in the Peace River valley of northwest Alberta, and in planning reclamation projects and cooperative farming communities, the board soon found itself at a standstill because of a lack of good available public land upon which returned soldiers were willing to make entry.

This condition has forced upon the government a new problem in land policy. Investigation revealed the fact that there are in Western Canada about 30,000,000 acres of excellent unused agricultural lands adjacent to railways, communities, and schools. But these lands are owned by railroads, real estate corporations, or private land speculators. The government has been urged by the war veterans' associations to buy in these lands for settlement purposes, but the owners do not want to sell except at a high price. The Canadian Pacific Railway Company and the Hudson's Bay Land Company are two of the

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largest landowning corporations. The veterans' associations demand that the government take steps to expropriate these lands on very drastic terms, various solutions of the problem being advocated. The owners are willing to sell but only at high prices. The followers of Henry George, of whom there are very many among the soldiers, advocate the single tax on land values. Still others urge the New Zealand system which requires every owner of unused agricultural land to state its value as a preliminary step to either having to pay a heavy land tax or to have the land expropriated by the government at the price named. If the owner places a high value on his land, the tax becomes a heavy financial burden; and if he values it cheaply to escape the tax, the government may buy in the land at the owner's price. This proposal places the owner of unused land in a serious dilemma.

In view of these conditions Canada faces a peculiar land settlement problem. The large landowning interests will vigorously oppose any radical scheme of land expropriation or land-value taxation; while the pressure by the veterans' associations and labor organizations is extremely strong. It may take a year or two before this problem will be solved, but sooner or later drastic action will be taken in the matter of government expropriation of unused agricultural land in the Dominion of Canada. The soldiers frankly declare that they will not take

up land in remote districts while abundance of good land is available for settlement near older communities.

The problem of land expropriation in the United States is not now so acute as it is in Canada. But the various states may avoid many difficulties in the future if they begin now to give this subject of land ownership serious consideration as a matter of great public importance.

2. *Abandoned farms.* But in addition to the hundreds of millions of acres of unimproved farm lands which could soon be brought under the plow, there are large numbers of so-called "abandoned" farms in many parts of the country. Many of these farms are in the Eastern United States. Their owners have died, or have moved into the cities to engage in industrial work, or have forsaken their farms from some other cause. It is a fact, nevertheless, whatever the reason, that there are hundreds of partly-equipped farm units ready for occupancy by soldiers who may desire to take up farming for a livelihood in their own native localities. Most soldiers upon their return to civil life, if they wish to take up farming at all, will doubtless desire to locate near their home localities rather than to undertake the pioneer work of reclaiming virgin land in other parts of the country where land settlement or land colonization may be contemplated.

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It is the plan of our government to demobilize the soldiers and sailors and then send them back to their homes. What better plan could be devised, therefore, than that of locating discharged soldiers on abandoned farms in their own part of the country and establishing them in lines of agricultural production to which they had been previously accustomed or which their personal inclinations may lead them to select? Surely the purchase and reclamation of these abandoned farms could be made a practical undertaking by the government. Their location, number, value, and adaptability could readily be ascertained.

In view of the great demand for agricultural products for many years to come, especially if any number of returned soldiers should wish to engage in farming, there should be no such thing as an "abandoned" farm in the United States. A definite plan should be put in operation by each state for getting possession by purchase of these farms within their borders without delay, of reselling them to soldiers under easy terms and conditions of payment, and of making a profitable investment out of all such farms.

If the need of the hour demands that a new land policy be adopted which will utilize farms and farm lands for crop or livestock production now held out of use for speculative purposes, or have been abandoned as farm units by their present owners, the

right of eminent domain gives the states authority to acquire these properties for the public welfare. The need, however, seems to be conditional on a lack of land and farms to supply the wants of a large army of demobilized soldiers who are eager to take up farming for a living. But at present there is no evidence to show that there is either any scarcity of available farm lands or any great desire on the part of demobilized soldiers to engage in farming for a living.

Irrigated Farms and Farm Lands

The above is not only true as to millions of acres of unused farm lands, but it is also the case as to farms and lands under actual irrigation projects. To the value of irrigated farm lands, however, must be added the cost charges for reclamation, for the water right, and sometimes for maintenance charges. These additional factors place the price of such farms beyond the reach of the average farmer and in part explain why much land and many farms are still unsettled. Let us look at a few of these projects, with a view of ascertaining the amount of acreage open to occupation, number of farms unoccupied, cost of water right, and other factors which enter into the scheme of settling soldiers on irrigation projects.

1. On the Yuma project in Arizona and California there are 18,000 acres of land in the Gila Valley,

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about 55,000 acres in Yuma Valley, and 70,000 acres of mesa lands which will receive water when the irrigation works are completed. A large area of public land will be open to settlement on the mesa or table lands as soon as it can receive water. The cost of the water right is from \$55 to \$66 an acre.

2. On the Uncompahgre Valley project in Colorado there are about 15,000 acres of government land which will be open to homestead entry as soon as the water distributing system has been completed. The farms will vary in size from 40 to 80 acres. On the basis of an average of 60 acres to a farm, there will be land enough in this project for 250 farms. The cost of water right on this project has not been calculated.

3. On the Huntley project in Montana the farm unit varies from 40 to 160 acres, and there are more than 50 farms open to settlement. The cost of the water right is \$30 and \$50 an acre. But as the lands are a part of the Crow Indian Reservation, settlers are required to pay \$4 an acre to the Indians.

4. On the Sun River project in Montana there are some farms open to entry on the Fort Shaw unit, the cost of the water right being \$36 an acre. Another division known as the Greenfields Bench comprises about 75,000 acres of land nearly ready for opening. On the basis of 80 acres to a farm unit, there will be land enough for nearly 1000 farms on

this division of the project. The cost of the water right, however, has not yet been made public.

5. On the North Platte project in Nebraska and Wyoming there are about 19 farms open to homestead entry and other farm lands will be available as the irrigation works are extended and completed. The size of a farm is limited to 80 acres, and the cost of the water right is \$55 an acre.

6. On the Truckee-Carson project in Nevada there are nearly 100 farms open to homestead entry and others will be available as the irrigation canals are completed. The farms vary in size from 40 to 80 acres, the cost of the water right being \$60 an acre.

7. On the Belle Fourche project in South Dakota there are a number of farms available for homestead entry on one division, and another division will be opened to homestead entry in a short time. The cost of the water right is \$40 an acre.

8. The Shoshone project in Wyoming includes 164,122 acres of land. The size of the farms varies from 40 to 80 acres of irrigable land. When completed there will be about 2,700 farms on this project. There are a number of farms now awaiting homestead entry and as these are taken up other lands will become available for settlers. The building charge is \$52 an acre.

The above is the merest outline of the number of farms which are now available for settlement under

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existing irrigation projects. It is needless to say that there are farms enough in view on reclaimed lands to supply all the demands by soldiers who may wish to engage in farming when they have been demobilized. When to the number of irrigation farms are added the "abandoned" farms in Eastern United States and the millions of acres of farm lands which can be readily turned into productive farm units, there is no land problem for farming purposes in our country at present such as exists in France, Great Britain, and many other European countries. So far as so-called "reconstruction" is concerned, this country has the advantage over every other country from the agricultural and land settlement points of view.

State Control of Unused Farm Lands

While there is no lack of land in the United States for farming purposes at the present time, this condition might be brought about in the future with growth in population. Then the question of land for farm settlement purposes might become serious unless the various states begin to adopt a policy of acquiring these lands without further delay.

In this regard this country can learn a lesson from Australia and New Zealand. In 1901 the commonwealth of Australia began taking over large tracts of unused land, by purchase from private or corporate ownership, and dividing them up into small

farms for actual settlers. At the outbreak of the European war Australia had already purchased and subdivided more than 3,000,000 acres of land suitable for crop production and grazing.

New Zealand began in 1915 to procure tracts of land for its soldiers, and 276,000 acres were set apart for this purpose. Australia found that it had no public domain left at the signing of the armistice and has been driven to the necessity of continuing the purchase of privately-owned lands for the settlement of her soldiers. The state of Queensland has purchased 500,000 acres of land for this purpose. New South Wales has provided 1,500,000 acres for homestead entry by soldiers, the title to be a perpetual lease at a rental of $2\frac{1}{2}$ per cent of the capital valuation of the land. The state of Victoria has provided a large acreage of wheat-growing and irrigable lands purchased from private owners for subdivision and improvement. The aim of the Australian and New Zealand states is to prevent the withholding of farm lands from use for speculative purposes and to control all tracts of privately-owned land above a designated limit, which can be used for agricultural production. The policy is a progressive one, taking into consideration the prospective growth of the population and the consequent increasing demand for land for farming purposes.

In the United States the necessity for state control of unused farm lands is based on future rather

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than on present demands for farms. Even during the extraordinary demands of a world war there have been farms enough in use to provide not only all our own needs for foods and raw materials of manufactures, but also to aid materially in supplying the wants of the allied nations. But the most remarkable fact in connection with this demand upon our agricultural land area is that the demand was supplied under the most serious conditions of a great scarcity of farm labor, which is one of the essential factors in production. The actual proportion of men called from the farms to enter the army and navy has either not been determined or has not been made public. The report of the Secretary of the Interior for 1918 says it is estimated that more than one-third, probably nearer one-half, of our men who were in Europe at the close of 1918 came from farms. They were not farm owners, but many of them were farm hands and some of them tenant farmers. Notwithstanding the withdrawal of these men from the field of productive agriculture, there was acreage enough under cultivation and in grazing land to supply all our needs.

Evidently, then, if there is something wrong with agriculture which requires that it shall be especially encouraged, or that men shall be materially aided to engage in farming, it is not because of a scarcity of farm land. That fact is absolutely certain so far as Canada and the United States are concerned. For

present needs our land areas are abundant. It is doubtless good policy, nevertheless, to be looking forward to the time when our population will be greatly increased, thereby also increasing the demands upon our soil resources to supply our needs for foods and many other raw materials. If our state legislatures do not awake to the fact that they have a duty to perform for the future welfare of all their people, by taking over the unused farm lands, the present agitation on behalf of land settlement by soldiers will have been altogether in vain. As a matter of fact, if the agitation to provide farms for soldiers shall not result in increasing at all the present number of farms and farmers in the United States, it will have accomplished some good by calling attention to our land policy and to agricultural conditions which do not tend to promote the general welfare.

State Control of Land Settlement

One of the greatest present-day evils is the unregulated sale of farm lands to immigrant and native settlers. Families without sufficient capital and lacking in experience are induced to buy land on which it never can be expected they will make a living, with the result that they ultimately lose all the money they had saved and then abandon farm life forever. Other victims are then sought in the same way only to have such prospective farmers

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ruined and disheartened sooner or later. The only persons who profit by this system of land settlement are unscrupulous land owners who reap a harvest at the expense of others and who fare sumptuously every day while their victims are struggling to eke out a miserable existence by cultivation of poor soil. This is one of the problems of land settlement which calls for action on the part of state legislatures and which can only be satisfactorily solved by state control.

The following is a case in point which came to the attention of the Federal Farm Loan Bureau on February 17, 1919:

About 10 years ago a land settlement company in Illinois undertook to establish farm colonies in Michigan. Two farmers, A and B, bought land in 1912 and started in to farm. A worked less than two years, spent \$2,200 in money he had saved, and lost everything he had by foreclosure in 1914.

The property was bought in by a local savings bank operating with the land company. This bank immediately set to work to find another victim. Let us call him C. The latter was induced to purchase the farm vacated by A, on which he settled with his family in the fall of 1914. Here he farmed and nearly starved with his family until the summer of 1918, when foreclosure proceedings were threatened. In the fall of that year an early frost destroyed the prospective crops and to save the farm at least

for the winter of 1918-19 everything was mortgaged to the utmost—land, live stock and machinery. Unless something unusual in farm finance happens C expects to lose his farm sooner or later with all its improvements.

Let us look now at his neighbor's case. When B went to Michigan he took over a farm which had been previously operated by another farmer. On this farm there was a mortgage for \$1,900 held by the same savings bank. The previous owner borrowed \$500 from the bank, making his debt \$2,400, and abandoned his farm. It was this farm B was induced to buy. He could not ask the neighbors anything about the land, the farm, or the money lenders, for the bank officials kept him in the automobile. The farm was sold to B for \$4,500, or nearly double the mortgage. B paid down \$2,250 and gave a mortgage for the balance at 7 per cent interest.

But B still had some money left. He spent \$300 on a brick silo and made some other improvements. For nearly seven years he struggled against early and late frosts and poor soil; he increased his mortgage from \$2,250 to \$2,300 when the time came to renew it. But the returns from the crops during all this time were not quite sufficient to cover expenses, interest and taxes. So B was forced to increase his mortgage again from \$2,300 to \$3,000. In 1918 B lost nearly all his crops by frost, was taken sick and went to the hospital. He had to borrow \$73 of the

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savings bank to pay the year's taxes, but mortgaged his implements and live stock to get it. The bank threatened to foreclose. To save anything from the wreck B sold his farm for \$3,800 and departed—another good farmer being driven from the land by high interest rates and merciless money lenders.

And still our state legislators are blind to these conditions, which are of common occurrence in all parts of the United States.

The need for supervision over the settlement of prospective farmers on land either publicly or privately owned has been vigorously pointed out and demanded by Dr. Elwood Mead, now connected with the reclamation service of the Department of the Interior and an enthusiast on land settlement by soldiers and sailors. In an address before the Fourth National Congress on Marketing and Rural Credits in December, 1916, he said:

“Thus far American governments, state or federal, have not recognized the need for such action, and as a result the subdivision of land, the character of the settlers sought, the price charged for land, and the conditions of purchase have, on privately-owned land, been left to unregulated private enterprise. On public land there has been no scrutiny of settlers or careful inquiry into their capital, experience and purposes to make certain that they would be capable farmers or that they were properly prepared to cope with the obstacles ahead of them.

In too many instances the selfish desires of land owners or colonization agents have had more weight than the vital needs of the eager land seekers. Too often the settler has not been looked upon as a human being, but as a check-book. His place in the scheme of things was to foot the bills; he was to pay for land, for irrigation works, and the profits of promotion. How he was to do this was his own affair.

“During the past 15 years much of this movement to promote settlement has been speculative; some of it dishonest. Florida swamps and western deserts have absorbed altogether too much of the savings of wage earners to whom the distant hills were greenest.

“Attracted by lurid advertising, many have bought without investigation. A long procession has sought Eldorados in the West and South. Few were rich, but the majority of families had from \$1,000 to \$5,000, which was more than they could afford to lose because it had been earned by long years of saving. A year or two later a considerable number of these same land seekers drifted back where they started from with no money at all. They had gone to new sections with little knowledge of local conditions; with only a hazy idea of the cost of irrigating western land or draining southern swamps and often with small knowledge of farming. Those who have visited the homes of these settlers and have

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seen their privations and futile endeavors feel that there is something wrong with our settlement methods and policies, but few have realized how far they are wrong or what is the particular fault."

Now what is it that seems to be wrong with our land policy, both state and federal? In the opinion of Dr. Elwood Mead, based on his knowledge of the settlement of public irrigable lands of western United States, the difficulty is that too little attention has been given by the government in the past to the character of the settler making entry under our national homestead laws, to the fitness of the land settled upon for agricultural purposes, to the uncontrolled settlement of irrigable farms, to the higher cost of these farms as compared with the cost of improved farms in the Atlantic states, and to the lack of public aid and control in the preparation of farms. And the conclusion is reached that the hope of rural progress in the future will depend in no small degree upon the recognition that "land settlement and the maintenance of the right conditions of tenure of farm lands is a public matter."

Only one or two states have given the subject of public control of land sales and land settlement any consideration. The California State Colonization Commission has recommended a plan of land settlement which makes it possible for any farm laborer or tenant farmer who is frugal, industrious and possessed of sufficient initial capital to ultimately own

the land he cultivates. The features of the California scheme of land settlement are the 2-acre farm laborer's allotment and the size of farms ranging from 40 to 80 acres to meet the financial needs of various settlers. But the minimum limit of capital any settler must have to take up land in California under state control and supervision is \$1500. The minimum amount of capital is practically limited to one-tenth the cost of the farm. On this basis the amount of capital a settler will need before he can take up a farm will depend upon its size and the cost of its proper equipment.

The state of Wyoming has also appointed a land settlement commission for the control of arid public lands within that state. This commission has recommended that the development of these lands be undertaken by the state and federal authorities acting in cooperation; that the federal government construct and operate the irrigation systems; that the state direct the subdivision, sale and settlement of the land and inaugurate a system of financial aid and practical advice to settlers, including loans for necessary farm improvements at a low rate of interest with long-time amortized payments; and that the whole scheme be so planned in advance as to insure complete community life by including homes for farm laborers, various-size farm units, and plans for towns, roads and schools.

Ideal Rural Communities

The suggestions for state control of the sale and settlement of lands for farming purposes by California and Wyoming include plans not only for taking over unused agricultural lands, but also the creation of rural communities on an ideal basis. The farms are to be limited in size and the farm houses grouped into community centers, which will be supplied with all the advantages of modern town life including electrical plants for power and light, schools, churches, and even "movie" picture shows. The aim is to begin a new system of farm planning which will do away with the "loneliness" of farm life and, if possible, make farming itself more profitable. The plan, however, is practically limited to arid and semi-arid irrigable lands which may be reclaimed and settled under state and federal control.

If public lands are not available for the creation of ideal rural communities, privately-owned lands are to be taken over either by purchase or with the consent of the landowners. In one way or another the state is to provide the land for settlement purposes. These lands are to be fitted for farms by leveling, ditching, fencing and constructing buildings thereon. When ready for occupancy they are to be offered to soldiers, providing that the prospective settlers have been examined and found to have suffi-

cient knowledge of farming and enough ready money and capital equipment to make a success of their venture.

But there will be no gift or bounty to the soldiers in the form of land. If they occupy such land they must pay down 10 per cent of its value and the balance in the future if they make it by their farming operations. It has been thought that many patriotic citizens in some states who own land which is not in agricultural use will be willing to turn their land over to the state authorities to be sold to soldiers as settlers, the owners being willing to accept pay for their land as the occupants can make payments thereon. That is to say, the owners will sell their lands to soldiers on long-time payments through state officials acting as trustees for the owners. It is believed that thousands of acres of land in many states capable of being farmed will be opened to settlement by returning soldiers without requiring any state to advance the payment of a single dollar. In effect, the state will act as a trustee for the owners of farm lands in transferring them to actual soldier cultivators. In this way it is expected many states will be able to establish and control ideal rural communities in the future.

The areas of land thus taken over and controlled are to be large enough to accommodate a minimum number of 100 settlers to give real community life. The objects are to create soldier settlements large

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enough to have cooperative organizations for buying supplies and selling products and to provide conditions for economical control and management. If soldiers are settled on scattered individual farms, the cost of supervision is regarded as prohibitive because a large force would have to be employed to see that the farmers are given proper encouragement and advice. Where, however, there is a community of settlers, supervision and direction become a simple matter and the cost of management is reduced to the minimum.

The natural course of training for practical farm ownership is through the work of a farm laborer and tenant farmer. This feature is not disregarded in the proposed ideal rural communities of soldier settlements. Some will not have money enough to make the first payments for an equipped farm and will prefer a home and an opportunity to work for wages as farm hands. In many sections the farm laborer or the tenant farmer is as essential to rural communities as farm owners. Consequently, it is proposed, as in the California land settlement scheme, to establish 2-acre farm laborer's allotments where the workers can provide homes for themselves and their families while working for day wages. If they can save sufficient money to buy farm equipment, sooner or later they may have an opportunity to enter into tenant partnership with a landowner and thereby rise a little higher in the scale of the

evolution of a practical farm owner. Then, when one has saved enough money to make the initial payments on a reclaimed farm, a soldier settler has the privilege of becoming a nominal farm owner by assuming all the responsibilities of equipment, water rights, maintenance charges, instalments on his debts, insurance, upkeep of the farm, and taxation. If prosperous soldier settlements under direction of the state can be established in this manner, it is expected that the plan will lead to civilian settlements of the same kind.

But in all these plans of progressive land settlement for soldiers there is no element of philanthropy on the part of the state or the federal government. Every soldier settler must be prepared to pay for the land he takes up for farming purposes and on reclaimed land the price will necessarily be high. So far as the granting of land is concerned, the soldier's reward for his hardships, his sufferings, and his sacrifices will be nothing. If the soldier when demobilized faces the world with little or no money to his credit, he had better shun the risks of trying to become a farm owner without first having the practical training and the opportunity of saving afforded by work as a farm laborer or tenant farmer. When money and practical experience have been acquired, his pathway to farm ownership may be made easier and his prospects for success far more promising than they would be if he plunges impetuously along

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the high road of debt, which is the only course that immediate farm ownership on agricultural or reclaimed land leaves open to him.

A Real Progressive Policy

A progressive policy of land settlement, therefore, must be broadened out beyond the horizon of the present demands of a demobilized army. There is little apparent need for such a policy at present except as a method of preventing unemployment by providing work for discharged soldiers at current wages on vast reclamation schemes in practically every state. But only after the expenditure of hundreds of millions of dollars would these lands be available for farming purposes. In the meantime hundreds of millions of acres of agricultural land lie idle awaiting the application of labor and capital to render them productive, and a real progressive policy will consist in the state taking over these lands for use in agriculture before growth in population renders their use for this purpose absolutely imperative.

The demand for a change of land policy arises from the limited area of land that can be made available for supplying the wants of an increasing population. The power of the state should never be invoked to take over unused agricultural land except on the broad plane of the needs of the entire nation rather than on the limited requirements of

demobilized military and naval forces, a small number of whom only have as yet indicated any intention of pursuing an agricultural life. The object should be to stabilize land values and thereby make farming more profitable. But if discharged service men are inclined to take up agriculture as a means of earning a living, and if no element of philanthropy is to enter into the project, then these lands should be sold at a cheap price, at a rate of interest not more than 1 or 2 per cent, and on very long periods of time ranging from 40 to 75 years. If to these terms and conditions there was added the privilege of prepaying any part of the indebtedness after five years, there is no reason why a settler could not make good on almost any kind of land that could be readily cultivated.

From the standpoint of a state's duty to her soldiers, such a course is only a matter of justice. Without stopping to count the cost, these men left all and followed the flag of their country to the bloody battlefields of Europe. Many of them went swiftly down the dark valley of the shadow of death never more to return; others came back maimed and disabled for life; the majority returned unscathed from the horrors of conflict, but with months and years of hardships and sufferings endured in behalf of their country; while the rank and file, who bore the brunt of the strife, received a mere pittance in money compensation. And these are they who, hav-

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ing gone through much tribulation, are expected to have money enough saved to make a substantial payment for the land they may wish to cultivate. Surely this is mockery and a travesty on social justice.

There is also an immediate demand for state control of land purchase and land settlement on privately-owned lands to prevent such abuses as those to which attention has been called by Dr. Elwood Mead. The whole policy of some real estate dealers is to fleece the unwary out of all their hard-earned savings. Under date of January 5, 1919, a farmer wrote to the Federal Farm Loan Bureau asking how he could get a loan to save himself from disaster by paying off the existing mortgage on his farm. The terms and conditions of his debt he states as follows:

"I have 20 acres which I bought at \$300 an acre in the rough; it is irrigated land in the Rio Grande valley near Mercedes, Texas. I now have it cleared and in cultivation.

"The price paid was \$6,000. I paid \$1,000 cash and gave two personal notes for \$1,000 each, which are now past due, and on which I am obliged to pay 10% interest; and \$3,000 in vendor's lien notes due in 1 to 5 years with 6% interest. I have spent over \$1,000 for farm implements to date. I would like to get money enough to pay the two personal notes and, if possible, also the vendor's lien notes."

It is needless to say what will happen to this victim. With two notes for \$1,000 each already due at 10 per cent interest running concurrently with vendor's lien notes for \$3,000 at 6 per cent interest, this farmer's case is hopeless. When he can no longer meet his interest payments, he will lose his farm by foreclosure and all his life-time savings. It is such conditions as these which threaten the future of agriculture and with it our national welfare. And to such conditions most state legislatures are absolutely indifferent. A real progressive policy will be inaugurated only when all such land settlement projects are placed under state or federal control.

But apart from all these considerations there is the broader outlook upon the growing needs and welfare of our entire population. This is not a need limited to the soldier part of a state's citizens during the demobilization period, but extends to all the people for all time. The need is the future demand for agricultural land. This demand must arise unless national progress is to be halted. But if by present indifference a state neglects the opportunity to preempt the idle agricultural lands and to hold them in trust for her future farmers, the seeds of unrest are being planted, which will be likely to bear fruit in economic and social anarchy that now threatens and is consuming the peace and prosperity of the greatest agricultural nations in the world.

CHAPTER X.—THE FUTURE SUPPLY OF FARM LABORERS AND TENANT FARMERS

The farm labor problem is not the only one confronting the American people in relation to rural and national welfare. If all available land adapted to agriculture should be taken over by the state and offered to settlers on much easier terms and conditions than have yet been proposed, the land would be of no service in the production of food and the raw materials of manufactures except through the application of labor and capital. The agitation in behalf of discharged soldiers is for the purpose of increasing the number of those who may be induced to choose farming for a living because it is recognized that there is a scarcity of farm labor at the present time and that a continuance of this condition can only result in an increased cost of the necessities of life. Among our urban population this could only result in a lowered standard of living, which is by all means to be avoided if possible. There is a close relation, therefore, between the supply of farm labor and the economic and social welfare of the whole population.

Farms in the United States vary in size and are

adapted to different lines of production. The average size of all farms is about 138 acres. If a man owned a farm of this size he could not operate it alone without injustice to himself and to his land. If all farmers were landowners, the size of farms would either be greatly reduced or there would be a large amount of farm land annually kept out of use, thereby adding to the vast acreage now lying uncultivated. To keep this land in cultivation, therefore, by means of hired labor or tenant farming is not a menace but a benefit to national welfare.

It is just as natural to expect some men to work as farm hands or tenant farmers as it is to look upon day-wage industrial workers or the piece hands in factories as a usual condition of modern industrial life. All city workers cannot be factory owners, nor should we expect all rural workers to be farm owners. Nevertheless, farm tenancy is regarded as a growing evil, and the discharged soldier is expected to become a farm owner though he might possibly be without experience and without money. But this, of course, is the height of folly.

Discharged Soldiers as Rural Workers

On general lines the men who entered the military and naval forces may be classified as follows: (1) Those who worked in rural districts as farm laborers, as tenant farmers, or as farm owners; (2) those who resided in rural districts and are familiar with

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agricultural ways and conditions, but who have had no practical experience in farming or stock raising; and (3) those who have always lived and worked in towns or cities.

With the demobilization of our armies the farm labor problem ought to be greatly improved. If the statement is at all near the truth that possibly one-half or more of the men called into the military service came from farms, as claimed by the Secretary of the Interior, the problem of farm labor is not as serious as has been pictured. One of the conditions of demobilization is that the men shall be sent back by the government to the localities from which they came. Farm hands, tenant farmers, and farm owners will, therefore, naturally enter upon the particular form of occupation they left at the call of their country.

When considered in relation to productive agriculture, discharged soldiers may be classified as skilled and unskilled laborers. They should not be placed on the same level. One may be ready to take his place at the plow, while another must be taught the simplest rudiments of farming. One may readily be trusted to use his knowledge to advantage; another must be trained to become self-reliant. Our soldiers and sailors as land settlers must be located and aided in accordance with their knowledge or lack of experience in rural life.

Of those who left farms for military service, the

majority will doubtless be only too glad to return to farm life whether they were farm owners, sons of farm owners, tenant farmers, or farm laborers. Their number, status, and possible location on farms after demobilization could be ascertained without much difficulty. Moreover, an inquiry by the commanding officer of each regiment or war ship could also provide information: (1) As to those who had no practical experience in farming; and (2) as to those who expected or desired to engage in some branch of agriculture after the war.

The soldiers and sailors who already had farms of their own or would locate on farms of parents or relatives need give the government little further concern. They will provide for themselves, being encouraged by the conviction that they serve their country at the plow just as well as behind the rifle or the cannon.

But tenant farmers, farm laborers, and those who have had no farming experience should become at least temporary wards of our government. They are to be located and fitted for independent civil life. They are in a sense to begin life all over again. They should be encouraged with some form of government aid. As a means to prevent a surplus of labor in certain industries, which would result in unemployment, the American Federation of Labor in its reconstruction program has urged that the government shall provide free transportation of discharged soldiers

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already under way or were about to be undertaken by the government for the purpose of land settlement. But it would hardly seem to be a wise policy to begin new reclamation projects for the sake of providing day-laborer work for soldiers without any official information as to the number of men who are desirous of doing this kind of work.

If it is anticipated that any large number of discharged soldiers are likely to want to become farmers, it would be more in line with their inclinations and more useful in any national reconstruction program to have these men enter upon the work of farm laborers. In this field of experience they would receive direct training along lines in which they expect to continue later on as tenant farmers or farm owners. Only in this way can it be anticipated that an efficient body of rural workers will be developed from the hosts of men discharged from the army and navy of the United States.

The letters received at the various departments of the government up to the early part of the year 1919 indicate that the desire of those who have had experience as farm hands or tenant farmers is to continue in that capacity, unless they are to be given land or aided financially by the government which will enable them to become landowning farmers. On the other hand, there is practically no indication that any soldier who has had farming experience takes kindly to the proposition to work a long time as a

day laborer on reclamation projects in the anticipation that many years later he may have the privilege of buying a very costly homestead under conditions which will make it extremely difficult if not practically impossible for him to pay for his farm. If given the right encouragement, therefore, many discharged soldiers who have had no previous farming experience might be induced to take up actual farm work and thereby augment the stream of farm laborers and tenant farmers in the future.

Economic Aspects of the Farm Laborer

But why not adopt the policy of training inexperienced men in farm work as Canada and many other countries have done? Instead of expending hundreds of millions of dollars on new reclamation projects for which, so far as agriculture is concerned, there is likely to be no demand for a great many years, would it not be better to make an appropriation to train men at our agricultural schools and colleges? No country in the world is as well equipped to provide practical agricultural education in all its branches as the United States, and no time is more favorable than the present if any number of our discharged soldiers elect to pursue farming for a living.

The course of education could be adapted to the future expectations of the soldier student and the amount of money in his possession. If he has little

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or no money, his natural place is that of a farm laborer, who, in accordance with economic standards, occupies a lower status than the tenant farmer simply because of his lack of money or capital equipment for a farm. As a matter of fact the manhood standard of the farm laborer, the tenant farmer, and the landowning farmer may be equal. The economic standard which differentiates these three kinds of farm workers is based upon wealth ownership only and not upon their skill in the production of wealth from the soil. From the latter point of view, the farm laborer as a wealth producer may be much superior to either a tenant farmer or a land-owning farmer.

A six months' course at government expense in a proper educational institution would enable a discharged soldier to acquire the first principles of farming practises so that he could take his place on a farm as an efficient economic farm-labor unit. Then, with the acquisition of experience and by saving part of his wages, he would be able to become a successful tenant farmer under a cooperative arrangement with the farm owner.

A discharged soldier with sufficient money could become a tenant farmer as soon as he had finished his preliminary course of study; while one who was a farm owner before he entered the military service, or one who has had the experience and is possessed of sufficient money with which to purchase

and equip a farm, could commence operations without delay. The three grades of farm workers would find their economic places in productive agriculture to correspond with the most profitable application of land, labor and capital.

The training of our soldiers who may choose farming for a living should be regarded as a government duty as well as an economic necessity. Where billions of dollars have been expended without stint for destructive purposes, it should be no hardship on the people to provide a few millions of dollars for practical constructive purposes in fitting men to take their places in economic and social life as efficient farm workers. It is well recognized that population cannot increase, its standard of living be maintained, or social progress be made unless agriculture is extended. That is, the demands of a growing population will require more efficient soil management, an extension of the areas under cultivation, and a larger supply of farm workers. Apart from the services rendered and sacrifices made by our discharged soldiers, which call for some sort of compensation in the way of agricultural training for those who may desire it, there is the broader view of national welfare which demands this training as a matter of economic and social necessity. It is this aspect of demobilization which calls for increasing government aid to develop an adequate and efficient supply of farm workers for the future.

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As previously stated, a growing amount of hired farm labor is an economic condition which seems necessary in many parts of the country if large farms are to be efficiently operated. Even with an increase in the use of farm machinery, the skill of the farm laborer may be partly utilized in other directions than formerly, but the demand for the labor to operate the machinery is not diminished thereby. Moreover, as new land areas are brought into cultivation this demand for farm workers will increase. How is this growing demand for farm labor to be trained and supplied? What force compels men to toil on the land? And by what means do farm workers pass from the lower status of wealth accumulation, as represented by the farm laborer, to the higher status as represented by the tenant farmer or the farm owner? These are some of the questions which are fundamental to a true conception of rural progress.

There is a tendency to regard farm tenancy as a menace to rural welfare. Nothing could be farther from the truth. The reconstruction program of the American Federation of Labor advocates legislation to prevent as far as possible the extension of the tenant class. A few years ago the subject came up for discussion at the annual meeting of the American Economic Association and the principal paper advocated state control of farm tenancy through the exercise of the taxing power. "If the tax," said

Prof. Paul L. Vogt, "were so adjusted as to give a strong inducement to the prospective absentee landlord to dispose of his land to the prospective tenant, much of the speculative holding of land would be quickly eliminated and prices of land to prospective purchasers would much more nearly equal their productive value."

Following out this idea, the American Federation of Labor proposes to have state governments establish a graduated tax on all usable agricultural lands above the acreage actually cultivated by the owner, so as to render it unprofitable to hold land without putting it to use and to prevent the private ownership of very large tracts of usable farm lands.

But taxing the land can in no way change the economic relations of wealth production which determines the status of farm workers. The prosperity of farmers is measured in terms of the wealth produced and accumulated rather than in the kind of work done or land tenure followed. Rural economists hold strenuously to this position on the ground that the experience of the race justifies the private ownership of the wealth actually produced and saved by the worker, be he farm laborer, tenant farmer, or landowning farmer. So far as the economic aspects of the farm laborer is concerned, the principal question to be answered is, How can one increase the amount of his wealth so as to provide the means of

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purchasing farm equipment, agricultural land, or an equipped farm? And the answer of sound rural economy would seem to be by working as a farm hand and saving the surplus wealth produced.

But if the farm laborer does not or cannot save something from the fruits of his labor, then he cannot very well purchase land or a farm. On the assumption, however, that the welfare of the state requires that he be made a landowner, this object cannot be accomplished unless he is lifted over bodily from one class into the other by means of state aid or private charity. But such a course, as previously intimated, is in violation of the most elementary economic principles.

But to grant state aid for any such policy would also violate the fundamental law of social progress. It would be an attempt to set aside the natural law of the struggle for existence; it would seek to counteract by legislative enactment the old command, "Thou shalt earn thy bread by the sweat of thy brow." No taxing power and no legislation can change the economic law of necessity, which forces men to toil in order to produce wealth, and saving the surplus product of labor from the land is the first step in the accumulation of property and justifies private ownership.

In buying and selling land as a basis for farming, the disposal of the land to a farm hand or to a tenant farmer implies that the purchase price in

whole or in part is in the hands of the prospective purchaser as a result of saving from his own labor or the labor of another. In rural life this is a condition which can economically exist. The farm worker can become a landowner without state aid or charity in any degree. It is not so much the price of the land or its scarcity at present which constitutes the heart of the rural life problem, but it is a question of the ability of the worker to earn and save the money for purchasing land, live stock, and equipment.

The only way to meet this condition is by paying high wages. On new reclamation projects it is proposed to pay discharged soldiers \$4 a day in expectation that they will save enough to make payment on farms when they are opened for settlement. This is a recognition of the principle of saving as a means of wealth accumulation, but which enables a day laborer or a farm hand to pass from this class to that of landowner by indirect government aid without becoming a tenant farmer.

Economic Aspects of Farm Tenancy

But, as previously pointed out, there can be no successful farming without a proper combination of the three factors of land, labor and capital equipment. Where the cost of all these elements is high, it is frequently to the best interests of two parties to cooperate—one furnishing the land and the other

the labor and capital. On many tenant farms both the landowner and the tenant furnish a part of the capital equipment. This is very common in the South, the share of the tenant being regulated accordingly. But this combination creates the relation of landlord and tenant which, in itself, presents no menace to social progress because two men agree to do what one man did before, namely, operate a farm for the production of wealth. It is the principle of self-interest which actuates tenants to rent farms. While a farm laborer receives returns from his labor only, a tenant farmer receives returns from both his labor and operating capital. As a general result his income will be larger, and this is the motive which leads him to rent a farm if he owns the equipment for its operation. With an increased income so that a tenant may save more, farm tenancy naturally becomes the pathway to farm ownership.

The sharing of the burden of carrying on farm operations between two parties—one furnishing the land and the other the labor and capital equipment—is in itself not open to condemnation. In Great Britain farm tenancy has stood the test of long experience. "The greatest system of farming in the world," says Prof. W. O. Hedrick, "measured by the test of endurance, is a tenant system. In England all but four or five per cent of the farmers are tenants, yet English farming has given us our lead-

ing types of live stock, our best farm practises,—such as marling, drainage, rotations, etc. . . . The test of a system of agriculture is the character of its professional representatives; and without doubt the British farmer, though a tenant, ranks high among farmers everywhere.”

The system of farm tenancy based on absentee landlordism, such as was common in Ireland and Great Britain not long ago, is not only rapidly passing away in those countries, but it has not taken root to any extent in the United States. As a matter of fact absentee landlordism in this country has a relatively limited economic and social range. The landlord who leases his farm to a tenant is not a large landowning aristocrat, but a retired farmer. He has by hard, continuous, intelligent labor produced a competency from the soil without destroying its fertility. He has preserved for posterity to a large extent the natural resources of the soil. He has demonstrated to the world that, under proper farm management, agriculture is an industry which may be made highly profitable. For these results the landowner should be praised and not condemned. The prosperous farmer, however, finally has removed to the village, town, or city to enjoy the fruits of his long labors, or to afford better educational facilities for his family; and here the real farm tenancy problem may be conceived as beginning.

Farm tenancy may be examined from two points

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of view, namely, an irrational system of leasing farms and the difficulties of acquiring ownership.

The responsibility for the exploitation of leased farms lies almost entirely with the owner and not with the tenant. If a landowner has no more sense than to permit the fertility or wealth-producing power of his land, which is his basic or fixed capital, to be unscrupulously mined by a tenant, he is culpably negligent toward his own interests and those of posterity.

A rational system of leasing farms,—such as is practised in Great Britain, which favors long-term tenure, protects the tenant in his rights arising from the use of fertilizers and the making of improvements, and gives the owner supervisory interest over the system of crop production, rotation and farm management,—not only provides a plan for the most efficient and economic use of land for agricultural purposes, but conserves the natural resources of the soil for future generations.

But even the problem of irrational leasing of farm lands offers no serious obstacle to economic or social progress in its relation to rural and national welfare. It is a matter of education and wise state legislation. This problem has been solved to a large extent in Italy, Denmark, Great Britain, and other European countries. It can easily be solved in our own country when it becomes a real menace. We can pass on, therefore, to consider the other

phase of the problem, namely, the difficulties of acquiring ownership of farms by farm laborers and tenant farmers.

It would not be fair to limit the discussion of this aspect of farm tenancy to the high productive states of the north central Mississippi Valley region, where farm lands are high in price. In view of the preceding remarks, it is the inability of the farm laborer or the tenant farmer to accumulate sufficient money with which to purchase raw land or an equipped farm which seems to be the core of the problem of farm tenancy. It is this aspect of the subject which threatens to diminish the supply of farm workers in the future.

The difficulty of becoming a farm owner, however, varies in different parts of the United States. Some homestead lands of rather poor quality are still open for settlement; raw lands in some parts of the country can be bought as low as from \$5 to \$10 an acre; the value of the average cultivated farm lands of good quality runs about \$75 or \$100 an acre; in the corn belt \$200 an acre is not an unusually high price; orchard lands in Oregon and Washington are frequently estimated at \$1,000 an acre; citrus fruit and walnut orchards in California are sometimes valued at \$1,500 an acre; and recently a correspondent writing from Florida to the Federal Farm Loan Bureau appraised the value of some orange groves at \$2,500 an acre.

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The difficulties of passing from the tenant class to the farm-owning class are intensified, therefore, in different parts of the country and with different kinds of agricultural production. For diversified agricultural purposes, the man who buys an ordinary farm by paying down part of the cash price assumes a tremendous responsibility as a result of the precariousness of farming as an industry, in meeting interest charges, in the payment of taxes, insurance, and other expenses involved in land ownership. On the other hand, if one pays cash for a high-priced farm, unless he is going into farming for the fun of it, his course is one of doubtful wisdom, because, under existing economic and social conditions, he could get better and safer returns for his money if it were invested in good securities at 5 or 6 per cent interest.

It is not a safe assumption that passing from the tenant class to the farm-owning class removes any of the difficulties surrounding modern economic and social life or solves the problem of rural welfare. As a matter of fact it does not. Under a fair system of leasing farms thousands of tenants are providing themselves with an adequate return for their labor and a moderate investment in capital equipment; whereas thousands of landowners fail to do so as a return for their land, labor and capital together. In the South there are various grades of tenant farmers ranging from those who are practi-

cally farm laborers with no accumulation of capital equipment to those who possess sufficient live stock, farm implements, and reserve money to successfully operate a farm. In the former cases, where the tenants approach the farm-laborer class, the element of cooperation between landowner and tenant is that the latter may furnish in addition to labor a portion of the fertilizer used in the production of a crop, while the landlord may supply land, equipment, part of the fertilizer, and even be responsible for the food requirements of the tenant and his family until a crop has been grown. As a rule the share rental varies according to the amount of fertilizer and capital equipment supplied by the respective parties to the contract. But where labor and land are thus abundant and money relatively scarce, the landlord and tenant relation has proven advantageous under the economic and social conditions which prevail in the South.

The Secretary of Agriculture, in his annual report for 1918, gives some interesting facts and figures bearing on the relation of tenancy to farm ownership as follows:

“It is particularly vital that, by every feasible means, the processes of acquiring ownership of farms be encouraged and hastened. This process is real in spite of appearances to the contrary. It has been too generally assumed and

represented that tenancy has increased at the expense of ownership and that we are witnessing agricultural deterioration in this direction. Tenancy does present aspects which should cause great concern, but its bright sides have not been sufficiently considered. The situation does not warrant a pessimistic conclusion. In the 30 years from 1880 to 1910 the number of farms in the United States increased from 4,009,000 to 6,362,000; the number of those owned from 2,984,000 to 4,007,000, a gain of 1,023,000, or 34.3 per cent, and the number operated by tenants from 1,025,000 to 2,355,000, a gain of 1,330,000, or 129.9 per cent. But in 1910, five-eighths of the farms and 68 per cent of the acreage of all land in farms were operated by owners and 65 per cent of the improved land. The number of farms increased faster than the agricultural population. The only class not operating farms who could take them up were the younger men, and it is largely from them that the class of tenants has been recruited.

“In a recent study of the cases of 9,000 farmers, mainly in the Middle Western States lying in the Mississippi Valley, it was found that more than 90 per cent were brought up on farms; that 31½ per cent remained on their fathers’ farms until they became owners and 27 per cent until they became tenants, then owners;

that 13½ per cent passed from wage earners to ownership, skipping the tenant stage; and that 18 per cent were first farm boys, then wage earners, later tenants, and finally owners. It is stated, on the basis of census statistics, that 76 per cent of the farmers under 25 years of age are tenants, while the percentage falls with age, so that among those 55 years old and above only 20 per cent are tenants. In the older sections of the country (except in the South, which has a large negro population), that is, in the New England and Middle Atlantic States, the tenant farmers formed a smaller proportion in 1910 than in 1900. This is also the case with the Rocky Mountain and Pacific divisions, where there has been a relative abundance of lands. The conditions on the whole, therefore, are not in the direction of deterioration but of improvement. The process has been one of emergence of wage laborers and sons of farmers first to tenancy and then to ownership.

“The relative steps that have been taken to promote better credit terms for farmers will have a tendency to hasten this process. The operation of the farm loan system, through arrangements by which those who have sold lands take a second mortgage subordinate to the first mortgage of the farm land banks, carrying a relatively low rate of interest, will have a ben-

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official influence. If further developments can be made through the application of the principle of cooperation, especially in the formation of personal credit unions, the conditions will be more favorable. In the meantime special attention and study should be given to the terms of tenancy, including the lease contract, with a view to increase the interest both of the landlord and of the tenant in soil improvement and to make sure that there is an equitable division of the income."

But assuming that as a rule farm ownership is preferable to farm tenancy, the question is how this change can be brought about. In the United States at the present time there is no difficulty whatever in one acquiring the class of land he wants to meet his financial condition. Let us look, therefore, at the causes of farm tenancy, which apparently lie deeper than the mere price of land, in order to see whether they are or are not practically within the reach of legislative enactment.

The Basis of the Farm Labor Problem

In dealing with the problem of farm labor we should not lose sight of the fact that fundamentally the causes are biological and not political. Originally the soil was the source of human slavery. In procuring the means of subsistence the problems of

life begin; therein the problems end. But in the course of life between the beginning and the end arise all our economic, social and political problems. For centuries man struggled against the forces of nature which enslaved him to the soil; for many other centuries he struggled against his stronger fellow man who had bound him to the soil. And when at last in his struggle toward liberty he found himself unshackled from the chains of chattel slavery, it was only to realize that what is called civilization, or social progress, had forged other chains about him which enslave him none the less. Neither the farm laborer, the tenant farmer, nor the land-owning farmer is free. Besides the law of necessity which forces him to bear the heat and burden of the day, direct and indirect exploitation deprives him of an ever enlarging part of the fruits of his labor. So, with the progress of civilization, the difficulty of saving is not lightened. Exploitation as a result of economic, social, political, military and financial conditions tends to enslave the man who is producing wealth from the soil almost as certainly as when under the bonds of chattel slavery.

The trend of modern social life is for the individual to try to escape as much as possible from the arduous physical labor of wealth production. This is especially the case as to farming with its long hours of labor, often performed every day of the year, and with the uncertainties of its rewards.

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When to these burdens are added the disadvantages of lack of educational facilities, social isolation, increasing taxation, and high interest rates and commissions on loans, the lot of the farmer for a long time has not been and is not now an enviable one. While he may have tried to escape his thralldom, society has made every effort to keep him at his task. What the farmer produces society must have three times a day, and everything must be done to keep him at his hard labor or society will suffer.

In contrast with the farm, the call of the town or city is to regular hours of labor, for six days of the week, at a known wage. This is from the standpoint of the laborer and the mechanic. The higher the walks in business, educational, social, military and political life, the less physical toil is required and the higher the rewards. As soon as they are old enough to leave home, the easier labor of business and professional life beckons to our boys and girls on the farm and they bid farewell to the home in the country. These beckonings have their effect in depopulating rural districts and in overpopulating the towns and cities.

The struggle to succeed on a farm is becoming more intense with the development of social life. The following letter to me, which sets forth the farm labor problem from a tenant farmer's point of view, indicates some of the difficulties which a farm

worker encounters when he seeks to become a land-owning farmer:

"I am anxious for some information regarding how to proceed in getting a loan for buying a farm under the new farm loan act. I am sincere in this matter, for at the present time I am a tenant giving \$1 for every \$2 that is made. I am farming 120 acres for share rent and am also clerk for our township.

"Serving as a renter is up-hill business, for farm help is next to impossible to get. The day laborer is making more money than the renter at prices we have to pay in the country. The workshops and manufacturing places are offering \$3 to \$5 a day for labor. With a few exceptions the laboring man is scarce in our towns. I know of one factory which has lately employed men above 65 years of age paying them from \$2.25 to \$2.85 a day. So you see the inducements are tempting for a renter to leave the farm. Then in most cases the laborers only work 8 hours and are done for the day; whereas farmers often work 10 to 12 hours and have 2 hours of chores a day extra.

"With all of the above to consider, we care nothing about leaving the farm providing we own a small farm of our own, so we would not be looking for the landlord to come and say

'More, more'; although it has never happened to me until now. I have been married nine years and have lived nine years on this one farm. But the owner wants to farm it again himself with present prices, so that one who owns a farm has an advantage.

"Now I will tell you why I do not care to move to town. I am a young man thirty-one years of age and in good health. I have always lived on a farm, married a farmer's daughter, and have two boys. We do not care to take them to town if we can make farmers of them, for that is what is going to handicap this country. The parents are leaving the farms and going to towns and cities; and after that small boy has grown to be a man and learned the city's ways, there is very small hope of that boy ever moving on a farm again.

"My parents are owners of a farm and also my wife's people; therefore I can give the best of reference and security. What I now ask for is: How do you go about it to get a federal loan? Is it a personal loan from a federal bank or some other source? I wish you would forward papers of instruction at once. If you have not that power, I wish you would forward my name to the proper official who has that duty to fulfil.

"I am very sorry to take your time to read this letter. But it may gain a point for you in

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your future work to know how there is one farmer boy who is being forced to the city, providing we get no federal loan of some kind. I can rent plenty of good farms. But any ambitious man who has any business ability will not make a slave of himself by being a good tenant for the landowner for the best years of his life, when there are many good business opportunities in view like there are at the present time. I suppose there are hundreds of young men who are successful tenant farmers who are now considering the advisability of leaving the farm."

Now there has been no scheme of paternalism devised which creates farm owners out of farm laborers and tenant farmers. The federal farm loan system requires a borrower to have farm land as security for a loan. If a tenant farmer has saved a little money and purchases a farm by paying down his savings and running in debt for the balance, he becomes the nominal owner of a farm. In that case he would not be a tenant farmer, but a poor landowner with no large equity in his farm. Whether his condition would be improved by a change from the renting to the owning class is highly problematical in view of all the financial obligations thereby assumed.

Evidently, then, the roots of the problem of farm

labor and farm tenancy lie beyond the power of education and legislation to reach; they are the expression of natural law over which man has no control; before them the barrier is raised of *laissez faire*. For primarily our effort to produce wealth is a struggle to live. To-day bread is the most precious thing in the world. It is for bread that men work and slave from morning till night in field and factory, in mill and mine, in bank and counting house, in office and store, in school and university—wherever and whenever there is a call to labor in the production of wealth or in the performance of social service, it is that the worker may earn and eat his daily bread. All other forms of wealth will dwindle to almost nothing in value if they cannot purchase food. It is the continual pressure of hunger which forces men to toil on sea and on land, and so long as life may last it is the mainspring of effort, of saving, and of property.

But the production of bread is by the sweat of the farmer's brow. A crop must be coaxed from the soil with the use of fertilizer and by arduous labor. Nature may smile and a good crop nearly reach maturity only to be ruined by excessive rainfall. The sun may show a brazen face week after week until the parched earth cries out for water to drink only to be mocked until the crop destined for bread perishes from drouth. When food crops fail famine stalks abroad over the land and the children of men

cry from hunger and finally die. These are the natural conditions against which the farmer has to struggle. And if to these conditions society adds others which take from the farmer an undue proportion of the returns from his labor, his inducements to work on a farm grow less and less until at last he gives up in despair. Surely, then, when agriculture wanes the welfare of mankind wanes also.

But when it comes to a consideration of the effects of poorly-paid farm laborers and of over-burdened tenant farmers on the welfare of rural communities, it is the duty of society through wise legislation to adopt policies which shall make farm life under future conditions profitable, healthful and attractive, and which shall insure the greatest good to the state by maintaining a sufficient supply of farm labor and conserving the fertility of the soil. Only by making farm work more attractive and more profitable by eliminating various elements of exploitation can the state expect to provide an adequate supply of efficient farm labor in the future.

These are the conditions concerning the three grades of farm workers, which should be taken into consideration in any scheme of land settlement for soldiers and sailors. The labor or tenure status of any person taking up farming for a living is dependent upon his experience and the amount of money or capital equipment in hand. There is no

hope of contentment and success at farming on any other basis.

If our discharged service men are to furnish a supply of efficient and satisfied farm workers for the present and growing needs of the agricultural industry, they must be trained for the work and must occupy that status which conforms to their inclination, their ability, and their capital. To grant soldiers free land without taking into consideration all the factors which make for success in modern farming would be to invite such a social disaster as befell Rome when that commonwealth undertook to carry out such a policy. In the face of all past experience of agricultural nations, such a policy could only be branded as the worst kind of political folly.

CHAPTER XI.—THE SOURCES OF CREDIT FOR SUCCESSFUL AGRICULTURE

The financing of agriculture has always been a serious problem. The establishment of the federal farm loan system in 1916 was only accomplished after several years of preliminary investigation and legislative effort. This plan of farm mortgage credit now in operation is still in a formative condition and subject to many amendments. It was devised to supply credit only to farmers who were able to give a first mortgage on farm lands as security for a loan.

For any national scheme of land settlement as that proposed by the Department of the Interior in behalf of demobilized soldiers and sailors, the present federal farm loan system would have little or no place because our discharged service men are mostly to be considered as without land and without sufficient money to establish themselves on farms. As a rule they could be regarded only as the prospective labor element in productive agriculture. But even as a labor factor, unless many of them are given a preliminary agricultural training, our discharged service men could not be regarded as efficient farm

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workers. If they are to be made landowning farmers at the outset, they must be provided with both land and capital.

Financial Prospects on Reclamation Projects

Practically the only plan of making farmers out of our soldiers is that advocated by the Department of the Interior. But, as previously stated, this is primarily to furnish work by reclaiming waste, swamp, irrigable or stump lands which are ultimately to be cut up into farms and sold to settlers on what is believed to be easy terms. How many years it will take to fit these lands for farming has not even been conjectured. The time element in the problem has been given little or no consideration.

On any such contemplated scheme as that of land settlement on a reclamation project, the farmer faces a most stupendous and hazardous undertaking. If soldiers as settlers do not own land and capital, the financial problem is to provide long-time loans for the payment of the land and short-time loans for the purchase of equipment. Even on the assumption that sufficient abandoned farms and unused agricultural land could be provided for discharged service men who wish to take up farming for a living, only half the problem has been solved. So far as financing agriculture is concerned, one of the greatest tasks is to provide the necessary capital for the proper equipment of the farms to be brought into

cultivation. For, without equipment, land and labor are of little use in the production of wealth. In the case of land settlement by soldiers, the problem evidently centers in a program for furnishing sufficient credit to enable them to engage in farming with at least the prospect of earning a living and of winning a measure of success.

But the undertaking is so vast both as to land areas to be reclaimed and the capital requirements, that it is evidently beyond the possibility of realization by any corporation or syndicate of corporations. If it is to be undertaken at all, this must be a government matter. Since there is no argument in its favor as a means of providing farm land quickly for crop production, the proposed national reclamation projects are justified on the ground that it is a matter of public concern to provide work for discharged soldiers and to aid in limiting unemployment. A problem so vast can only be adequately financed by government initiative. Hence various bills have been introduced into Congress which would authorize the expenditure of public funds for reclamation purposes ranging from \$100,000,000 to \$500,000,000. But all this vast amount of work and expenditure of funds would be preliminary to the establishment of a rural credits system for financing the settlers to enable them to purchase reclaimed land for farms and for necessary equipment.

The cost of reclamation expenditures necessarily

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adds to the cost of the land. A commission which studied the conditions of land reclamation and settlement in the West not long ago reported what it would cost to properly equip farms on public land for irrigation. The following is presented as the cost for a farm of 80 acres:

Leveling land, building checks and small ditches.....	\$2,500
House and barn	1,500
Work team and tools	1,000
Living expenses for one year.....	500
Taxes, operation and maintenance charges, and incidental expenses	300
Initial payment on water right.....	200
Dairy herd and other live stock.....	2,000
Total	<u>\$8,000</u>

The above schedule gives an approximate valuation of \$100 an acre for reclamation and equipment of land in order to fit it for farming purposes. But this class of lands is worthless without water, so that, when the ultimate cost of a water right of about \$50 an acre is added, experience has shown that it costs not less than \$150 an acre to make farms ready for cultivation on some irrigation projects and pay for the water right.

It is this formidable financial problem which must be faced in undertaking to furnish credit to demobilized soldiers who wish to farm. There is no charity in the proposition in the form of gratuitous government aid. Every dollar of expenditure will be exacted with interest. And no soldier can hope for such a farm unless he has enough money saved

to pay down at least one-tenth of the cost. The following is an official presentation of the necessary requirements for a settler on a reclamation project:

"No settler without money should be accepted. The average soldier is not a superman. The task of improving and paying for a farm without any capital is a task which requires superior qualifications. Every settler needs also a little reserve money for accidents and misfortunes. He needs a part of the investment on which he does not have to pay interest. Furthermore, it will be unsafe for the government to intrust valuable property to men who have no money risk and who could abandon it without losing anything. Many of these soldiers will be restless, made so by their war experiences; to them distant hills will look green. In their own interest they need to be anchored, to have some stabilizing influence, and the most potent is to have some money invested that they will lose if they abandon their undertaking. The possession of money indicates ability to earn it and to save it, and the settler must have both these virtues to succeed. The capital a settler should be required to have ought to have some relation to the cost of the improved farm. In Denmark the settler must provide \$1 for \$9 that the government furnishes. That is, he furnishes one-tenth of the cost. In Australia some of the states provide that the settler must have \$1,500 capital, and that is the minimum limit of capital in Cali-

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fornia. But if we say he must furnish one-tenth of the cost of the farm, then the amount of capital will depend upon the size of the farm and the money required to equip it."¹

In view of the cost of a reclaimed farm, it is not at all surprising that 57 per cent of settlers fail and move away, while the other 43 per cent have to work hard and continually in order to make a living. The percentage of failures is not only large, but it is tragical in that those who abandon their holdings have usually wasted years of time and lost all their previous savings. Many of them remove to the cities to join the host of unskilled laborers or to be socially submerged after a vain struggle to eke out a mere existence. It is this aspect of soldier settlement on reclaimed lands which must be faced years hence when the farms have finally been prepared for occupancy. It is a problem of great importance to successful agriculture in the future. How many of past failures have been due to the financial exploitation of the settlers will probably never be told.

Rural Credits for Returned Soldiers

The most striking feature of land settlement schemes for soldiers is the utter lack of any adequate system for furnishing capital and credit. With the high cost of farms, the cash requirements before

¹"Reclamation Record," December, 1918, p. 556.

occupancy, the comparatively short time for the repayment of loans, and the high interest rates, there is more likelihood that the average soldier settler will fail rather than succeed. Already in England two of the soldier settlement colonies have practically failed. Under the conditions of settlement proposed for our soldiers, the chances of success are all against them. If past experience in the financing of agriculture has any lesson at all for us it is that many of the above conditions must be changed to make settlement by soldiers on reclaimed lands a success. A system of rural credits must be devised which will be unique in American farm finance. The debt we owe to our ex-service men, as well as the importance of agriculture to national development and welfare, requires that this should be done unless our country is to disappoint those who are appealing for an opportunity to earn their daily bread.

But the subject of credit is important whatever kind of land a soldier may take up for farming purposes. Both the land and operating capital will in the majority of cases have to be supplied by the government on a credit basis; for the letters written by soldiers making inquiry about government farm loans state candidly enough that they have no money with which to purchase land or to equip it for either cultivation or stock raising. If, then, the government proposes to aid these men to become farm owners after they have acquired sufficient knowledge

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to carry on farming operations, loans should be made on the easiest possible terms and conditions.

In the absence of any government plan of financing ex-service men, the general practise has been, when letters of inquiry were sent by soldiers to the various departments of the government, to refer them for reply to the Federal Farm Loan Bureau. But the federal system of rural finance would be of no practical assistance to soldier settlers who are not landowners. It provides only for farm mortgage loans up to 50 per cent of the appraised value of the land, for periods of time not less than 5 years nor more than 40 years, and at an interest rate as high as 6 per cent. The federal land banks now operating under this system are making loans at 5½ per cent, but most of the joint stock land banks are making loans at 6 per cent. It does not aid the man without money and without land to become a landowner or to equip his land.

Nor would a settler be likely to succeed under the terms and conditions of loans of the federal farm loan system. It is not sufficiently flexible to aid a farmer who is struggling to establish himself on the land in the face of insect pests, animal diseases, infertile soils, natural forces, heavy taxation, and a comparatively high interest rate. These are the burdens which drive men from farms into the cities rather than the loneliness of farm life, and the federal farm loan system is not prepared to meet them

with suitable terms and conditions of loans for soldier settlers. An entirely new system, therefore, must be devised which will at least offer a promise of success to the prospective settler. It should provide both mortgage and personal credit facilities on very long time and at low rates of interest.

France proposes to make loans to her soldiers at 1 per cent interest. Shall the United States, which has become the creditor nation of the world, do less for her soldiers than heroic France? On July 1, 1918, our total interest-bearing debt was \$11,985,-882,436, and from that date to the close of the year the disbursement of the Treasury, exclusive of payments on the public debt, was nearly \$11,000,000,000 more, or at the enormous rate of about \$22,000,000,-000 a year. Of the actual amount expended during the last six months of 1918, the sum of \$2,047,986,-697 was loaned to foreign governments. During these six months the government expended about \$9,000,000,000 for war purposes, from which there will be no returns in interest and which enormous debt must itself be repaid since it represents in large part money borrowed from the public by the sale of bonds. These enormous expenditures to-day are only in a small degree represented by tangible property values. The bulk of it has been spent for destructive and not constructive purposes. It represents a financial burden which future taxation can alone redeem.

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But if one-tenth of the amount of money expended by our government for war purposes were set aside for investment in unused farm lands and in farm equipment, it would represent a concrete property value to the full extent of the expenditures. If money were loaned to our discharged soldiers and sailors free of interest in order to encourage the development of agriculture, would it be any more than these gallant sons of America deserve? The government could be protected against loss by means of land mortgage and chattel mortgage security, and if it made no profit out of the transaction, it would at least be sure of the return of its capital investment because the property values would always be greater than the amount of money the government had invested therein. This cannot be said of the eighteen billions of dollars expended during the year 1918, which vast sum represents little property value and has served no very useful purpose to the nation as a whole. But if the government should charge our discharged soldiers 1 or 2 per cent interest on loans, it is the highest rate of interest which should be exacted in view of the great service these men have rendered to our country, to other nations, and to the cause of civilization.

There is a precedent already established for the lending of money by the government free of interest to encourage agricultural development and to promote farm mortgage credit. When the federal farm

loan system was authorized by Congress in 1916, the government subscribed for capital stock in the federal land banks to the amount of nearly \$9,000,000. But the farm loan act provides that "stock owned by the government of the United States in federal land banks shall receive no dividends." This amount of money, therefore, is practically advanced without interest, since there can be no returns thereon to the government no matter how large may be the profits made by the federal land banks. Why, then, should there not be a similar procedure in the case of our disabled and discharged soldiers and sailors whose services and sufferings can never be adequately measured in terms of money remuneration in loans at a low interest rate or even without interest?

Summing up the situation of rural credits for returned service men, a system should be devised which will provide both long-time mortgage credit and short-time personal credit. From the experience of other nations, the requirements of the men who may engage in agriculture, and the promotion of both rural and national welfare, the following outline of a system is suggested:

1. *Long-time or mortgage credit.* The basis of long-time credit is the land. The two important questions relating thereto in connection with land settlement by soldiers on a national scale are:

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(1) The amount of money the settler should be required to pay down.

(2) The length of time the loan shall run.

A payment is necessary in order to establish an equity in the property. Without a sense of ownership an occupier's interest in farming may soon wane. A payment down gives the feeling of ownership, and this has always been the lodestone which holds people to rural life.

But the payment required should not be large. The sum to be deposited under the California land colonization scheme is altogether too high to render such a plan operative for demobilized soldiers.

Probably the Danish government plan of establishing farm laborers, tenants and soldiers on the land as owners would be best adapted to the conditions which will confront us during and for a long time after the period of demobilization. Practically there will be going on a gradual reconstruction of our economic relations and also of the agricultural industry.

The Danish system provides for the advancement of money or credit to as high as 90 per cent of the land value. That is to say, the borrowing settler is required to pay at least 10 per cent of the cost price of the farm or of the value of raw land. It may not be advisable to require a less payment by soldiers who take up farms under government direction.

The period of time loans may run is up to 75 years.

No payment is required on loans for the first 5 years, a low interest rate is charged, and loans are repaid by amortization. These features give a flexibility to the Danish system which meets the financial conditions of the various classes of settlers and would be especially applicable to soldiers who have had farming experience and are desirous of becoming landowning farmers.

A modified form of the amortization plan of repaying loans should be adopted, which will satisfactorily meet the needs of soldiers. The period of adaptation to their new conditions of life will necessarily be hard. It will be a constant struggle to meet operating expenses during the first few years on a farm. If interest is charged at all on loans it should be at not more than 1 or 2 per cent, and only the interest on the loan should be required during the first 5 years. But if the financial condition of any settlers warrants them doing so, instalments on the debt may be paid at any time earlier. After 5 years regular amortized payments on the loan should be required the same as under the Danish and French systems.

In case of crop failure, loss of live stock, or other misfortune, only interest on the loan should be required at any time during the period of the loan. Even interest might be allowed to run for a certain length of time in exceptional cases. In other words, every encouragement should be given to the soldier

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settlers to remain on the land and every safeguard thrown around them for their protection.

Since loans may run for 75 years, the annual instalments thereon will necessarily be small and will constitute no hardship under ordinary conditions of farming. So far as land mortgage credit is concerned, there are no difficulties which cannot easily be overcome in the settlement of soldiers on the land.

The plan worked out for this purpose should be absolutely independent of the present federal farm loan system. As now operated that system was established to enable existing farm owners to provide themselves with mortgage credit on better terms and conditions than they could ordinarily procure it from private lenders or mortgage companies.

But the proposed program for our soldiers is to establish them upon farms. This will require a far more flexible and more helpful financial method than the federal farm loan system. The task before our state legislatures and federal government is to provide lands, farms and homes for discharged soldiers in all parts of the country on terms to meet their financial condition. They will require special encouragement during the first few years of their new life, and this encouragement and aid the federal farm loan system is not designed or prepared to give.

The elements of a practical farm mortgage credit system for soldiers, therefore, would seem to be:

(1) The requirement of a small initial payment to secure ownership.

(2) Loans to run for a maximum period of 75 years.

(3) Loans to be made free of interest or at a rate not exceeding 2 per cent.

(4) No payment on the principal during the first 5 years.

(5) The amortization plan of paying off mortgages with special privileges in periods of distress.

2. *Short-time or personal credit.* The matter of providing short-time credit to soldiers entering upon farm life is the more difficult problem to solve. At the same time it is highly necessary to provide this form of credit because it will furnish the soldier settlers with means for carrying on their farms while they are struggling to place their holdings on an economic basis.

The difficulties of the problem are indicated by the fact that, though the United States Commission for the Study of Rural Credits and Agricultural Cooperation in Europe, in its report to Congress in 1913, urged the advisability of immediate legislation to provide short-time credit for farmers, no such legislation has yet been seriously considered and it is now nearly as remote from realization as

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it has ever been. But the subject should no longer be postponed in view of our duty to our soldiers and the growing demand for the products of agriculture.

The personal credit problem is not insoluble. The difficulties have been met and largely overcome in many parts of Europe, and rural credit unions for furnishing short-time credit to farmers have been established and operated successfully in Canada and in parts of our own country by means of cooperative organizations and state aid.

The matter of furnishing short-time credit to soldiers is imperative. Their duty done on the battle field, it is the duty of the government to see that their energies shall not be wasted in their attempts to make their farms profitable. To do this successfully, they must be supplied with the active capital of production. This consists of equipment and necessary farm supplies. The capitalization of this feature is the main problem because of the risk involved in crop failure, loss of work animals, and other misfortunes which render the agricultural industry so precarious.

Short-time credit can and should be provided by government aid. No other agency is adequate for this emergency, and there can be no better way of showing our appreciation of the risks taken by our soldiers in defending our rights and preserving our liberty than by the government shouldering the little

risk taken in furnishing short-time credit. A risk will always be there because of the greater danger of loss of crops and live stock, the depreciation in the value of chattels, and the lack of security in personal notes than there is in the case of mortgage security, which is based on the more permanent value of the land.

A special fund should be established for supplying personal credit to ex-service men who may take up farms. As in the case with mortgage credit, a certain percentage of the money required for providing active capital should be deposited by the settler. To lower the risk, a plan of insurance against loss should be formulated. This has been successfully done among cooperative societies in many European countries.

The security for the balance advanced by the government may take the form of chattel mortgages, agricultural warrants, warehouse receipts for crops, any other well-recognized security except land, and even personal notes with two indorsers.

A study of the French system of supplying short-time credit through government aid gives us valuable suggestions. The French government has done more for its farmers along this line than any other country. The rate of interest is low. The privilege of renewal is granted, and considerable elasticity is given to the French plan of granting short-time credit.

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The plan is not only feasible, but it can be made self-supporting. In fact this is true of the whole credit aspect of land settlement by soldiers. Apart from the initial cost of establishing the system, which cost need not be large, personal and mortgage credit for soldiers can be operated without costing the government a dollar, but which would be of inestimable direct benefit to the borrowers and of immense value in promoting our national welfare.

The plan is applicable to individual cases and colonization schemes. In the latter case special attention should be given to promoting cooperative personal credit societies among soldiers settling on agricultural land, abandoned farms, or on reclamation projects if any such colonies should be organized. As such they will offer great opportunities for developing the cooperative spirit among soldier farmers in the United States, for experience has shown that the combined credit of 50 or 100 farmers in a cooperative organization is much more secure than the total credit of a similar number of farmers when working their farms separately. At present, however, there is less inclination to foster colonization schemes for returning soldiers than there is to encourage them to learn the principles of farming with the object of working as efficient farm hands and ultimately rising to the status of tenant farmers or farm owners. The colonization plan is better adapted to our foreign-born citizens who have been

accustomed to this form of rural life in European countries; whereas settlement on individual farms is more suitable to the American type of agriculture with its large-size farms, independent life, and power of initiative among the farmers themselves.

Providing the Necessary Credit

Since any plan of land settlement under American standards of life and practise should avoid as much as possible the element of paternalism, the rural credits system for soldiers should at least be self-sustaining if not profitable. Primarily the plan outlined deals with land as a fundamental security which should become more valuable from year to year with growth in population, its improvement into equipped farms, and the gradual repayment of the indebtedness thereon by the farmers. The government credit need only be temporarily provided, and the cost of supervision should be derived from the operation of the system itself.

In view of the great problems which confront us as a nation—problems of indebtedness, the reconstruction of agriculture, unemployment, and industrial development—the object of a credit system should be to limit the strain on the public purse in order to reduce taxation as much as possible. For the great question after all is, How can the necessary credit be provided? And the answer is by taxation and not by indebtedness.

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While it is true, as it is frequently said, that the war is over, the effects of the war will be with us for generations to come. And it is the effects of the war which call for plans to be made in the reconstruction of agricultural credit. There will be hundreds of those who, having lost a limb in the struggle for human liberty, will be badly handicapped in the competition for employment and in the struggle for subsistence. On the basis of simple justice something must be done for these men as partial compensation for the artificial handicap under which they must labor as victims of the war.

Our country, too, will be heavily burdened with debt, the annual interest alone on which will, at the rate it is accumulating, be not far short of a billion dollars a year. To this enormous sum must be added the increased cost of running the government as a direct effect of the war with the likelihood that it will be many years before the income will be sufficient to meet the ordinary operating expenses and pay interest on the debt without adding annually to the country's indebtedness.

In the face of these facts and prospects there are only two ways of providing the necessary credit for agricultural development, namely, by taxation and by a more economical governmental administration. It would be useless to undertake to raise funds to provide rural credits for soldiers by means of the issue of bonds if it were expected to avoid running

the country into greater indebtedness or to make loans to soldiers at a low rate of interest. During the war period the government was able to borrow money of the public by the issue of bonds at rates of interest ranging from $3\frac{1}{2}$ to $4\frac{1}{4}$ per cent. If money were procured in this way to lend to soldier settlers, the rate of interest on loans to them would have to equal the rate at which the money was borrowed or the country would sink still deeper into debt. It is to avoid this difficulty that it is proposed to raise the credit fund for soldier farmers by taxation and by greater economy in running the government.

Notwithstanding the advent of peace the American people face a long series of years under heavy taxation even if there were no call upon us to aid soldiers in settling on the land. With a six billion dollar tax bill to meet for the years 1919 and 1920 there is no escape except by going down into our pockets and paying this tax levy each year. By that time the situation might clarify so that it may not be so difficult to see the way to a better system of rural credits for soldiers. Our enormous debt and expensive administration make heavy taxation inevitable. It is a fact the American people might as well meet with a smiling face. If a little heavier taxation should be made necessary because of our plain duty to those who offered their lives in defense of our country's honor, the ninety-five millions

of the population who remained at home enjoying the comforts and blessings of domestic and social life ought to meet that condition with a smile, too. If we have to go a little deeper into our pockets in order to train our maimed heroes to become useful units in the field of economic production or to enable them to take up and equip a farm for a living, it is at best a poor reward for all that these men have suffered and must continue to suffer in being thus handicapped for the remainder of their life. When we face the facts squarely, our people should glory in just taxation for such an end. But whether we glory in it or not, there will be no escape from heavy taxation for many years to come.

It is doubtful, however, if an increase of taxation would be necessary to provide the funds for supplying credit to soldiers taking up agricultural land if our government could possibly be run on a business instead of on a political basis. Several years ago a senator from Rhode Island made the statement that if our government were organized and conducted as the affairs of a business house are conducted, it would result in the saving of about \$300,000,000 a year. At the present time those figures could doubtless be increased considerably. The waste of material and the employment of numbers of people who serve no useful purpose have kept pace with the changes of administration during the past 40 years. There is no throwing of stones any more. Both

parties live in glass houses and one party is as deep in the mud as the other is in the mire. There is a statute that no two from the same family shall be employed in the government civil service, but hundreds would be seeking employment in the business world if this statute were enforced and hundreds of places would be left vacant for our disabled and discharged soldiers and sailors to fill if the occupancy of those positions were necessary at all.

The unfortunate feature of this situation is that there is little likelihood of any immediate reform. There seems to be no way of letting go. If any proposal is made in Congress to classify and pay the civilian employees of the government on a uniform basis, it never gets any farther than the committee room. If any effort is made to bring about a more business-like administration of the executive departments of the government, it seldom gets any farther than the initial stages because so many persons would be found who were doing little or no work, or were drawing salaries out of all proportion to valuable services rendered, that it might prove embarrassing to present members of Congress to have light thrown on the real situation. The system has grown up from one congressional session to another as a result of political patronage and the over-population of cities, so that it is now practically and to a considerable extent nothing more nor less than incipient paternalism. Places have been found

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after every election for the faithful political worker until the government service has become a by-word and a reproach to those who know it from inside experience. The corresponding effects of this form of paternalism have been a gradual depopulation of rural districts, an increase in taxation, and a decrease in the standard of living.

A reform at the present time would be almost disastrous. While the demands for retrenchment are imperative, the system of government paternalism has become so cumbersome that, if many hundreds of employees were soon added to the stream of soldiers weekly demobilized, the danger of unemployment would be greatly increased. For what could these persons do for a living? Many of them do not have the inclination to perform physical labor, nor have they been trained to cultivate the soil; to beg they would be ashamed. So they must be carried on the payrolls of the government, since Congress and the public are powerless at this time to check suddenly the system which has been growing up for nearly half a century. The government disbursements in 1878 were \$4.98 per capita; on July 1, 1918, they were \$84.69 per capita. The annual interest charge at that time was \$466,256,884, which had practically doubled by the end of 1918. Thus the government expenditures have increased to about \$170 per capita a year. This is a condition which faces the American people. We may, therefore, look forward

with cheerfulness to a long period of heavy taxation whether or not any saving is accomplished in behalf of soldier settlers or whether taxation is increased to supply them with needed credit on farms.¹

When it comes to a consideration of direct expenditures in behalf of agriculture, the outlook is not more promising. Of the annual appropriations made for the United States Department of Agriculture, an official publication stated a few years ago that "administrative and regulatory functions of the department now absorb nearly two-thirds of the total appropriation." That is to say, on the basis of an annual appropriation of \$27,000,000 it costs the government \$18,000,000 to see that \$9,000,000 are expended in behalf of agriculture. And even then it would take a very vivid stretch of the imagination to include the work of some bureaus of that department as "practical agriculture" for which the \$9,000,000 are expended.

While these tendencies of governmental activities

¹Since the above was written, efforts have been made to bring about just such reforms as are indicated. Thus the act making appropriations for the legislative, executive and judicial expenses of the government for the year ending June 30, 1920, provides for a joint commission consisting of three senators and three congressmen for the purpose of reclassifying the rates of compensation paid to civilian employees by the municipal, executive and other government establishments in the District of Columbia, except the navy yard and the postal service, "to provide uniform and equitable pay for the same character of employment throughout the District of Columbia in the services enumerated."

The same act also authorizes the Congressional Joint Committee on Printing to adopt such measures as may be deemed necessary to remedy any waste in the public printing and binding, such as the stopping of the printing of useless publications.

are clearly paternalistic and must be met by taxation, the industry of agriculture as such bears its share of the national burden. Governmental expenditures are used in wealth consumption. But if any portion of them were saved by running the government on a business basis and the amount thus saved were used for agricultural credit in behalf of soldier settlers or established farmers, it would be invested as productive wealth and would encourage the development of agriculture. But since food products are essential to the well-being of the whole population, the advancement of public funds for farming purposes at a low rate of interest, or even free of interest, would be for the public good rather than for the benefit of the farming class of the population. While farmers are the agents of wealth production from the soil, the food products raised are necessary for the maintenance of the people in health and in life. For these reasons the promotion of rural credits is primarily and fundamentally the promotion of national welfare. If sufficient funds cannot be saved by a more economical administration of the government, the balance must be obtained by taxation—a condition which the people must face and which will be cheerfully met if they realize how much their happiness and welfare depend thereon.

It may be said that, if a law were passed to provide credit at a low rate of interest in behalf of soldiers taking up farming, it would be class legisla-

tion, since it is claimed that the government should not legislate for the rural population as against the people who dwell in towns and cities; that it should not aid men taking up agriculture any more than it should aid those entering any other line of work. In a strict sense of the term that would be true. But this argument overlooks the fact that agriculture is the only universal industry the products of which must enter daily into every home in the land or great suffering will result. The recognition of this fact led France many years ago to give liberal support to agriculture by supplying credit at a low rate of interest, with the result that when the European war broke out she was able to support herself almost entirely from the products of her own fields, orchards and gardens. It was the wise system of rural credits which checked rural depopulation, brought about the rehabilitation of agriculture, and produced a condition of national prosperity at the outbreak of the war which had not been surpassed in the previous history of France.

If land settlement for soldiers and civilians is to succeed in the United States, then the lesson of the past for a country with abundance of land and labor is that the most essential factor may be regarded as sufficient capital provided by the government on easy terms and conditions. The need for it may be clearly realized by a study of the following chapter on farm mortgage credit in our own country.

CHAPTER XII.—THE PROBLEM OF RURAL CREDITS IN THE UNITED STATES

As previously shown, the drains on a farmer's resources are many as soon as he becomes a landowner. He not only has to run the risk of crop and livestock losses as a result of the precariousness of the industry, but he has to pay insurance, keep up the property, pay taxes and interest on indebtedness, and make other outlays. If a farmer happens to have a mortgage on his farm, he lives in dread of foreclosure as the end of the mortgage period approaches, unless he is prepared to pay off his mortgage, which is rarely the case under existing conditions of farming. But even if a farm mortgage can be renewed, it is usually by the paying of a commission which adds to the burden of interest. Commission charges and interest rates have varied in different states, but they are always high enough to make the payment of them by a struggling farmer a real hardship.

With the value of farm property placed at about \$41,000,000,000 by the thirteenth census of 1910, it is evident that agriculture pays its just share of taxation toward the operating expenses of the govern-

ment. With such a large problem as that of preparing soldiers as farmers and establishing them on the land, the preceding chapter has shown that the furnishing of capital on easy terms and conditions is practically essential to their success. Moreover, from past experience of other nations as well as of our own, it has been learned that heavy taxation and high interest rates have had great influence in depopulating rural districts; and, conversely, by lightening these conditions so as to make farming more pleasant and profitable, the result has been not only to retain the rural population on the land, but to increase their happiness and improve the economic and social welfare of rural communities.

Efforts to Improve Rural Life Conditions

In the United States in the past, one of the greatest drawbacks to the progress of agriculture has been the lack of capital. This was partly due to the remoteness of farms from the great financial centers, which made it hard to get credit at any price, and partly to the greater demands for capital in industries and the much shorter time for which such loans were made.

The competition for capital which thus arose resulted in agriculture having to pay a high rate of interest, but mortgage loans when contracted were made for longer periods of time. The cost of determining the appraisal value of a farm offered as se-

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curity for a loan was greater in the country than in towns and cities where the value of ten properties could be ascertained in the time it would take to appraise a single farm. The conditions surrounding farm loans were such that the creditor had to charge commissions in order to pay local agents for doing the work of procuring and contracting loans. Consequently, interest rates and commission charges on farm mortgage loans varied in different parts of the United States but were generally much higher than in other industries. While these facts have been well known, the effects upon agriculture have not been generally recognized.

The primary effect of an increased return to capital invested in farming is to decrease the reward to labor. If a farmer operated his own farm on which he carried a mortgage and had other indebtedness, his net income would be smaller the greater the amount he had to pay out as interest and commission. If he employed labor, the wages he could pay would necessarily be lower. The direct economic effect of a high interest rate on farm mortgage loans is to decrease the income of farm workers whether they are farm laborers, tenant farmers, or farm owners. The indirect effect would be to decrease the supply of farm workers, because the condition of day-wage and salaried positions in towns and cities, with more regular hours of work and higher pay, would attract them from farm work to

industrial and social service activities. Thus many of the best farmers and most intelligent young men and women were driven from farm life because of unfavorable mortgage credit conditions.

Recognizing these facts but not the conditions which brought them into existence, legislation at first sought to improve rural life conditions by appointing commissions to investigate the causes of rural depopulation. The United States Department of Agriculture was thus created not only to promote practical agriculture, but to encourage increased production on the same acreage and to improve the economic, social and sanitary conditions of rural communities. But no consideration whatever was given to the financial side of the problem of rural life. The result was that, with a more rapid development of industry and commerce, the demand for labor in towns and cities increased more rapidly than the normal growth in agriculture warranted, so that the labor forces of country and city became still more unbalanced and attracted once more the attention of Congress to the relation of agriculture to national welfare. It was then sought to improve the conditions of farm life by establishing agricultural educational institutions, such as the state colleges of agriculture and mechanic arts, fostered by state and federal aid, with a supervisory organization over the whole set up in the United States Department of Agriculture.

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The economic effects of these various movements covering not less than a quarter of a century were not only to make progress in crop production, farm management, and soil conservation, but to withdraw a large body of the younger generation of promising and progressive farmers away from the fields to take up desk work in these various institutions. But the calling of these men from the farms led to a decrease in the number of efficient farm workers, increased state and federal government expenditures and paternalistic tendencies, and added to the burden of the farmer by increased taxation. It was this general tendency which created the condition that it cost two dollars to supervise the expenditure of one dollar in behalf of agriculture. In other words, for every dollar put into one pocket of the farmer two dollars were taken out of the pocket of the general public by means of taxation to bring about this result.

It was expected that the establishment of agricultural colleges and experiment stations would result in a repopulation of the rural districts by training young men to practise scientific agriculture and by creating more enjoyable domestic life relations for the young women. The results, however, were the reverse from those anticipated. The great majority of these young people never returned to active farm life. They remained either as teachers in the institutions which gave them their education, or entered

the service of state departments of agriculture or the federal department of agriculture, or engaged in some business which offered better financial returns than farming.

When the expedient of carrying farmers to school had failed to keep up the required supply of farm workers, the experiment was tried of carrying education of a practical nature to farmers by means of county agents and to their wives by means of domestic service demonstrators. The most active and progressive farmer in each county was selected to visit the farms of his own county and make known to farmers the best methods of handling soils, growing crops, inoculating live stock against diseases, and spraying to control plant diseases. County agents thus became traveling farm instructors.

The extent of the growth of this work is indicated in the report of the Secretary of Agriculture for 1918. The United States Department of Agriculture, in cooperation with the state colleges of agriculture, undertook to place in each rural county one or more agents. "When this nation entered the war in April, 1917, there was a total of 2,149 men and women employed in county, home demonstration, and boys' and girls' club work," says the report, but in November, 1918, "the number had increased to 5,218, of which 1,513 belong to the regular staff and 3,705 to the emergency force. There were 2,732 in the county agent service, 1,724 in the home demonstration work,

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and 762 in the boys' and girls' club activities. This does not include the large number of specialists assigned by the department and the colleges to aid the extension workers in the field and to supplement their efforts."

The plain outcome of the extension service movement has been to remove more men from the fields of productive agriculture. The labor forces on the farms were thereby depleted; and, while this movement tended to increase agricultural production, the appointment of large numbers of men and women at good salaries increased taxation proportionately. In this case, the increased financial burden fell largely on the farming population.

Looking at the entire rural life movement in the United States for the half century preceding the year 1910, when agitation began in behalf of rural credits, it can only be regarded as a failure so far as furnishing a supply of farm workers and making farming more profitable are concerned. A few far-seeing men had in the meantime been proclaiming that the real difficulty was debt and taxation, both of which had been exacting an ever-increasing toll from the farmer and thereby constantly decreasing the returns for his labor and capital. It was the realization of this condition which finally led to the establishment of the federal farm loan system in 1916. But even this plan of supplying credit to farmers is limited to farm mortgages, and no legis-

lation has been enacted for the purpose of granting short-time or personal loans to farmers. After nearly ten years of agitation and attempted legislation in behalf of short-time rural credit, the United States is not much nearer the goal than it was before, notwithstanding the great importance of this phase of farm finance and its relation to the improvement of rural life conditions. In his report for 1918, the Secretary of Agriculture says that "it still seems clear that there should be provided a system of personal-credit unions, especially for the benefit of individuals whose financial circumstances and scale of operations make it difficult for them to secure accommodations through the ordinary channels. . . . What further can be done by the federal government directly to stimulate personal-credit unions it is difficult to outline. This matter has received consideration at the hands of many experts and was thoroughly canvassed by a joint committee of Congress. The conclusion, up to the present, seems to be that the field is one primarily for the states to occupy through sound legislation."

The Debt of Agriculture

When one tries to ascertain the financial burden under which the agricultural industry is laboring at the present time, he soon finds that the actual indebtedness of farmers is unknown. The census of 1910 attempted to determine the mortgage indebted-

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ness on farms, but could only report the amount on farms operated by their owners. The figures of mortgage debt given are \$1,726,172,851, but the following explanatory statements are appended:

“The census statistics with reference to the amount of mortgage debt do not cover all the mortgaged farms reported. In some cases the enumerators were able to ascertain that a farm was mortgaged, but were unable to secure a statement of the amount of indebtedness. Further, the statistics relative to the amount of indebtedness do not include the farms operated by owners who rent additional land, which make up a considerable number. In the case of these farms the report as to the amount of debt would necessarily relate only to the land which was owned by the operator, and it would be improper to compare it with the entire value of the farm, including that of the hired land. The total number of mortgaged farms operated by owners, including those who rent additional land, in the United States in 1910 was 1,327,439, but the number for which statistics regarding the amount of indebtedness have been compiled is only 1,006,511.”

It was further shown that the total value of these 1,006,511 farms was \$6,330,000,000, and the amount of debt \$1,726,172,851, or 27.3 per cent of the value; and that “the average amount of mortgage indebtedness per farm increased from \$1,224 in 1890 to \$1,715 in 1910.”

The United States Department of Agriculture also made some investigations after the census statistics were taken, and reported the estimated amount of farm mortgage loans to be about \$3,598,985,000.

All these data, however, relate to the amount of mortgage indebtedness on the land only. What the approximate amount of personal indebtedness of American farmers is has not been calculated, though from time to time estimates of various amounts are stated. But the fact is that the actual amount of debt the agricultural industry supports is not known. It may be more or less than the 27.3 per cent ascertained by the census on mortgaged farms. If this figure is approximately correct for all farm indebtedness, it proves the enormous burden that the average farmer is carrying at the present time.

If a soldier settler should take up a farm and assume an interest-bearing debt three times as great as that carried by the average farmer, it must be evident that his chances of success would not be promising. His hope of success would rest in part on the rate of interest he would have to pay. A low rate of interest would lighten his burden considerably. Before the establishment of the federal farm loan system the rate of interest charged on loans was very high in some parts of the country, and commission charges made to borrowers at the time of procuring a loan, as well as at renewal periods every three, four, or five years, added con-

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siderably to the drain on a farmer's income. The farm loan board found after an extensive inquiry that rates of interest were sometimes as high as 10 and 12 per cent; with commission charges added the farmer's burden was sometimes increased to 15 per cent. More definite figures ascertained by the United States Department of Agriculture warrant the following summary:

The average rate of interest to farmers on mortgage loans ranges from 5.3 per cent in New Hampshire to 9.7 per cent in New Mexico. The average rate of interest on farm mortgage loans with commission charges added ranges from 5.3 per cent in New Hampshire, where the average commission is less than one-tenth of 1 per cent, to 10.5 per cent in New Mexico, where the commission charge averages four-fifths of 1 per cent. The highest average commission charges are in the states of North Dakota and Oklahoma, in both of which states they average 1.8 per cent. The average farm mortgage rate of interest throughout the United States without commission charges is 6.9 per cent; with commission charges it is 7.4 per cent.

Farmers all over the country are striving to get out from under this burden by replacing their indebtedness at a cheaper rate of interest. The federal farm loan system began by making loans at 5 per cent interest, but with the progress of the war the rate was increased to 5½ per cent. But even at

this higher rate of interest, the federal land banks could not supply the farmers' demands for loans fast enough, the greatest percentage of the loans being to pay off existing indebtedness. Thus of more than 23,000 applications for loans examined in the Federal Farm Loan Bureau covering every state in the Union, 60 per cent of the loans were procured to pay off existing mortgage debts and 10 per cent to pay off other debts. On the basis of these data it is safe to conclude that about 70 per cent of all loans made by the federal land banks are to pay off existing indebtedness of the borrowers and to refund their indebtedness at a lower rate of interest.

The Burden of Interest

Under ordinary conditions of borrowing by farmers or soldier settlers, debt is not only a burden but it is absolutely dangerous. If a farmer borrows money to buy land, to purchase equipment, fertilizers or live stock, to erect buildings or make other improvements—these various forms of fixed and operating capital depreciate in value with age and use, but the money borrowed and invested to purchase these things continues to exact its annual or semi-annual toll without mercy. The interest period rolls around with deadly certainty, and woe be to the unfortunate farmer who cannot meet his interest if he has fallen into the hands of an unscrupulous money lender. It is this power of money to exact its share

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from the products of the labor and capital of the farmer without any decrease, while all other forms of farm wealth depreciate in value, that constitutes one of the most flourishing means of depopulating rural districts.

It was to relieve this constant pressure by lowering the rate of interest on loans and by putting into practise the amortization plan of repaying loans that brought about the establishment of the federal farm loan system. The amortization of a loan simply means that a borrower pays off part of his debt each annual or semi-annual interest period and that he pays interest only on the balance of debt remaining unpaid. This lightens a farmer's burden of interest considerably where a loan runs for 30 or 35 years.

The advantage to the borrower in the saving of interest may be realized by a study of the amortization table on the opposite page in comparison with a straight mortgage loan for the same sum, rate of interest, and period of loan.

During the 35 years that this amortized loan is being repaid the total amount of money a farmer would pay back on a loan of \$1,000 would be no less than \$2,272.50, of which \$1,272.50 is interest and \$1,000 the principal. Therefore, the toll exacted by interest out of the labor and capital of the farmer during the period of this loan is no less than 127¼ per cent. And yet this is an easy method of repay-

A loan of \$1,000 at 5½ per cent interest repayable in 35 years by means of annual instalments of \$65, which include interest and part of the principal.

<i>Payment Number</i>	<i>Instalment</i>	<i>Interest</i>	<i>Applied on principal</i>	<i>Principal still unpaid</i>
1.	\$65.00	\$55.00	\$10.00	\$990.00
2.	65.00	54.45	10.55	979.45
3.	65.00	53.87	11.13	968.32
4.	65.00	53.26	11.74	956.58
5.	65.00	52.61	12.39	944.19
6.	65.00	51.93	13.07	931.12
7.	65.00	51.21	13.79	917.33
8.	65.00	50.45	14.55	902.78
9.	65.00	49.65	15.35	887.43
10.	65.00	48.81	16.19	871.24
11.	65.00	47.92	17.08	854.16
12.	65.00	46.98	18.02	836.14
13.	65.00	45.99	19.01	817.13
14.	65.00	44.94	20.06	797.07
15.	65.00	43.84	21.16	775.91
16.	65.00	42.68	22.32	753.59
17.	65.00	41.45	23.55	730.04
18.	65.00	40.15	24.85	705.19
19.	65.00	38.79	26.21	678.98
20.	65.00	37.34	27.66	651.32
21.	65.00	35.82	29.18	622.14
22.	65.00	34.22	30.78	591.36
23.	65.00	32.52	32.48	558.88
24.	65.00	30.74	34.26	524.62
25.	65.00	28.85	36.15	488.47
26.	65.00	26.87	38.13	450.34
27.	65.00	24.77	40.23	410.11
28.	65.00	22.56	42.44	367.67
29.	65.00	20.22	44.78	322.89
30.	65.00	17.76	47.24	275.65
31.	65.00	15.16	49.84	225.81
32.	65.00	12.42	52.58	173.23
33.	65.00	9.53	55.47	117.76
34.	65.00	6.48	58.52	59.24
35.	62.50	3.26	59.24	
	\$2,272.50	\$1,272.50	\$1,000.00	

ing a loan as compared with an ordinary straight mortgage loan as the following illustration will make clear:

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Suppose a farmer procures a loan of \$1,000 from a farm mortgage company at $5\frac{1}{2}$ per cent annual interest and has nothing extra to pay in the form of commission or renewal charges. In that case the mortgage is a continuing lien so long as the interest is paid regularly. For the purpose of comparison with an amortized loan, let us assume that a borrower has paid his interest of \$55 annually for 35 years. Then the total amount of interest paid will be \$1,925, or \$652.50 more than that of an amortized loan. The toll thus exacted by interest from the labor and capital of a farmer on a straight mortgage for 35 years would be $192\frac{1}{2}$ per cent as compared with $127\frac{1}{4}$ per cent on an amortized farm mortgage loan. In either case the toll is enormous and a constant drain on a farmer's income. Moreover, the fixed and working capital of the borrower is constantly deteriorating during the period of the loan.

If a soldier should undertake to purchase a farm under an irrigation project, such as that proposed by the Department of the Interior, with the interest rate placed at $4\frac{1}{2}$ per cent, his burden of indebtedness and toll of interest would be very large. Only under the most extraordinary circumstances could a soldier settler expect to succeed at farming when his indebtedness is likely to be much greater than that of the average farmer.

Evidently, then, under the easiest terms of repaying a loan, the payment of interest is a heavy toll

on the borrower. But at the present time $5\frac{1}{2}$ per cent interest on farm mortgages is a comparatively low rate. The applications for loans under the federal farm loan system show that farmers in many parts of the country are paying 8, 10, and even 12 per cent interest. Of this fact there is not a shadow of a doubt. Such high rates of interest in connection with high taxation and other financial burdens practically mean in many instances the actual enslavement of farmers to the soil and to the money lender.

This is the danger threatening the stability of agriculture and the time has come to speak plainly on the subject. The federal farm loan system, with its low rate of interest and amortization plan of repaying loans, has loosened the shackles of financial slavery to some extent, but it has not broken them completely. The latter is not to be expected without disrupting the present organization of modern society and that is not to be desired in the interest of real social progress.

The remedy for the improvement of rural life conditions is to lower the interest rates on farm loans a great deal more than has been done by the federal farm loan system, and as previously suggested the promise of success for soldier settlers lies also in that direction. A lower rate of interest and the amortization plan of repaying a loan are fundamental to the reconstruction of agriculture. For no industry can possibly long survive where a large

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part of the returns from the labor and capital of the borrower has to be paid over as interest and commissions to the money lender.

The burden of interest increases very rapidly with the rise in the rate charged on loans. The debt itself is soon equaled by the amount of interest paid when the rate of interest is high. Where a farmer owes a large sum and pays a high rate of interest he has little prospect of ever getting out of debt in view of the precariousness of farming as a business. If a soldier settler should have a large debt and a low rate of interest, he would still be badly handicapped in getting firmly established as a successful farmer. While the vast majority of farm mortgage loans made by insurance companies, mortgage firms, and even private individuals are made at rates varying from $5\frac{1}{2}$ to 7 per cent interest, which are not excessive in comparison with rates of interest charged industry and commerce, there are many unscrupulous money lenders the country over, where the security is good and increasing in value, who deliberately involve farmers in heavy debt knowing full well that they are compelling these debt slaves to toil for their benefit by paying a high rate of interest. It is seldom realized how soon the amount of a debt is equaled by interest payments. Thus the time it would take to pay as much interest as the principal of the debt at different rates of interest is shown as follows:

Interest paid on \$1,000 at 5% equals the debt in 20 years.									
"	"	"	"	"	6%	"	"	"	16 1/2
"	"	"	"	"	7%	"	"	"	14 1/7
"	"	"	"	"	8%	"	"	"	12 1/2
"	"	"	"	"	9%	"	"	"	11 1/4
"	"	"	"	"	10%	"	"	"	10
"	"	"	"	"	11%	"	"	"	9 1/11
"	"	"	"	"	12%	"	"	"	8 1/3

When the federal land banks raised the rate of interest from 5 to 5½ per cent, a step backward was made in the efforts of the government to encourage agricultural development. But even with the interest rate raised to 5½ per cent on farm mortgage loans, the burden of interest farmers have to carry under the federal farm loan system is not heavy in comparison with the average rate of 6.9 per cent without commission charges and 7.4 per cent with commission charges, which prevails throughout the United States. The average reduction to farmers ranges from 1.4 to 1.9 per cent.

But the amortization plan of repaying a loan reduces still more the average rate of interest farmers have to pay. As previously shown, the total interest paid by a farmer on a loan of \$1,000 at 5½ per cent annual interest is \$1,272.50, the loan being repaid in 35 years. The average amount of interest annually paid on this basis is \$36.35, which is equivalent to a rate of interest of 3.6 per cent only. This is a direct benefit to farmers who are granted the privilege of repaying their mortgage loans on the amortization plan. If all farm mortgage loans made in the

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United States were repaid by amortization, it would mean the saving of millions of dollars annually to farmers in interest charges alone. These benefits tend to encourage agricultural development and improve the economic welfare of rural communities. They are the direct results of the establishment of the federal farm loan system and prove the financial and economic advantages of the system beyond the shadow of a doubt. They also indicate what could be accomplished in the way of mortgage credit for soldiers if the government should set itself to the task as earnestly as it did when it undertook to formulate and enact a farm mortgage system for farmers generally.

The Risks in Farming

In discussing the problem of land settlement for soldiers, frequent mention has been made of the precariousness of agriculture as an industry and the need of meeting this risk by favorable credit conditions. The risks of farming include both live stock and crop production. Farm animals are subject to tuberculosis, the cattle tick, hog cholera, and many parasitic and other diseases; they are attacked and killed by such domestic and wild animals as dogs, wolves, coyotes, mountain lions, bobcats and lynxes. Crops may be injured or destroyed by early and late frosts, winter killing, wind storms, excessive rainfall, or drouth. While no other industry is so vital

to the increase and welfare of society, no other industry is so subject to the forces of nature and requires such constant effort to reap the rewards of labor as farming. Moreover, many crops and manufactured farm products are by nature extremely perishable and must be marketed quickly to yield a reward commensurate with the labor and financial cost of production. And if, in addition to these natural obstacles to just rewards, farmers undertake to sell their products through unscrupulous commission merchants who have been known to render a bill for freight and other charges instead of a check for the sale of the goods, the lot of the rural toiler is not only laborious, but on the whole is probably the least remunerative business in the world.

In illustration of the precariousness of farming and the importance of credit, let us look briefly at the effects of drouth and other conditions which have recently afflicted certain parts of our country.

In the Northwest during the two seasons of 1917 and 1918, the western portion of North Dakota and parts of Montana and Washington were subject to severe winter weather and drouth. The result was that wheat and other grain crops were completely destroyed for two years in succession. Similar conditions prevailed in parts of the Southwest, particularly in western Kansas, Oklahoma, Texas and eastern New Mexico. Thousands of farmers in these sections had not only exhausted their financial and

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credit resources, but were about to abandon their farms when the government came to their assistance in 1918 by a special fund of \$5,000,000 to be loaned to them for the purchase of seed grain that they might attempt to raise crops a third season. Many of these farmers were so reduced in circumstances that they had to find temporary employment either in western industries or on transportation lines in order to earn enough to support their families and carry their live stock through the winter seasons. The scarcity of labor, due to the war, made it easy for those farmers to find work at that time,—a result which might not have been so fortunate had normal labor conditions prevailed. The object of supplying government aid in the form of loans was to assist in carrying farmers over the period of distress, to enable them to remain on their farms, and to plant what acreage in grain was deemed wise under all conditions.

If a farmer had suffered from drouth for one season only he could not receive aid under this special fund. In order to get a loan at all the farmer must have had two successive crop failures and be unable to borrow money elsewhere. In other words only the farmer who was completely down and out was eligible for a loan. Even under these most restrictive conditions no less than 10,641 farmers were accorded government loans at the rate of \$3 an acre, with a limitation of 100 acres. The total amount

loaned under this arrangement was \$2,396,460, leaving a balance of the fund unused in the fall of 1918 amounting to \$2,603,540.

But it was recognized by the government agents having charge of this fund that there were thousands of other farmers in the drouth-stricken areas who would probably be in even more urgent need of assistance to carry on spring planting in 1919. Since the cost of seeding spring wheat and other cereals is generally regarded as greater than for fall planting, the loan amount was raised to \$5 an acre. A survey of the situation made by the Department of Agriculture led to the conclusion that the balance of the fund would take care of the most urgent cases.

If farmers have not suffered from drouth for two successive seasons or have not exhausted their credit, they are classed as the less urgent cases and must provide their own seed and other farm requirements. There are hundreds and probably thousands of farmers each year who are thus harassed by the precariousness of farming but who are not able to receive government aid or provide themselves with further credit to continue their work. Many of these farmers give up and seek employment in towns and cities, thereby adding to the great urban social problems of unskilled labor and unemployment.

These are actual conditions which prevail as a result of natural forces which particularly affect the agricultural industry. They will continue to en-

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danger the likelihood of success in farming, since mankind is more or less powerless in their presence. And they are conditions which our soldier boys must face, no matter how physically fit they may be to carry on farming operations. If soldiers are encouraged to take up farms, heavily involving themselves in debt and with no reserve capital to support them in case of drouth or other calamity, it should be with the full knowledge that their chances of success in some parts of our country would be very limited in the face of natural law. A partial offset to these conditions would be to provide a large emergency fund for the making of loans at a low rate of interest.

But what is likely to happen to drouth-stricken farmers who have taken advantage of government aid if they should fail the third season? In that case they would most likely be ruined. For even under these conditions of distress and dire necessity, no element of philanthropic paternalism enters into the agreement between the farmer and his government. For each farmer who received a loan for seeding his land "signed a promissory note for the amount of the loan, with interest at the rate of 6 per cent, payable in the fall of 1919, and executed a mortgage giving the government a first lien on the crop to be grown on the acreage specified. Furthermore, provision was made for a guarantee fund, each borrower agreeing to contribute 15 cents for each

bushel in excess of a yield of 6 bushels per acre planted under the agreement. A maximum contribution of 75 cents per acre was fixed. The object of this fund is to safeguard the government against loss. If it exceeds the loss it will be refunded pro rata to the contributors."¹

Now let us face the situation as to the risks in agriculture candidly and squarely. The figures show that in all probability no less than 20,000 farmers in 7 or 8 states lost all their crops for two successive seasons. Many others have been afflicted with drouth for only one season, making the total number of farmers who annually come very near being put out of business very large. But this risk in agriculture is so common that it warrants some form of government aid if agricultural development is to be encouraged, rural welfare promoted, and farmers induced to stay on the land.

To prevent farmers from being unjustly exploited under these conditions, the federal land banks of the drouth-stricken districts were designated as the financial agents of the government to make and collect the loans under the special \$5,000,000 government fund. "The cooperation of local banks," says the report of the Secretary of Agriculture for 1918, "was sought and secured in the taking of applications and in the temporary financing of farmers pending advances of federal funds upon approved

¹ Report of the Secretary of Agriculture for 1918, p. 34.

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applications and the execution of necessary papers.”

There was practically no cost to the taxpayers in handling this special fund. It was borrowed of the public by the sale of government bonds at $4\frac{1}{4}$ per cent interest. The farmers, however, were charged 6 per cent on their loans, or a difference of $1\frac{3}{4}$ per cent. On the basis of total loans running a year amounting to \$2,396,460 the surplus interest above the cost of borrowing would amount to \$41,938; and for the balance of the fund amounting to \$2,603,540, on loans running for at least six months, the surplus interest would be \$22,781—or a total of \$64,719. This sum is comparatively small for disbursing so large a fund in small loans, but it is expected to be sufficient to pay all costs since the federal land banks were largely to be used in making and collecting the loans. In view of the great scarcity of farm labor and the demand for agricultural products, the making of such loans was plainly a public duty in order to keep farmers in drouth-stricken areas on the land. But even under these circumstances there was no element of philanthropic paternalism, for the 6 per cent interest paid by the borrowers will cover the interest on the bonds and the costs of making and collecting the loans.

It is not difficult to foresee what will happen in the future even if the farmers working under these conditions of drouth and debt should make a normal crop. Many of them having taken temporary posi-

tions either in western industries or on transportation lines will find the means of earning a living much easier and more certain than on their farms in areas subject to severe winter weather and summer drouth. These farmers will doubtless remain in their new-found positions if the least promise of permanent employment is offered to them. But if they should lose their crops the third season, or should meet with only a partial crop failure, there are likely to be many thousands of abandoned farms in the semi-arid or drouth-subject areas within a few years. The struggle for subsistence against the forces of nature and unrelenting interest rates creates conditions too unmerciful in their effects and too uncertain in their rewards to labor and capital to win and hold men to farming.

Under date of March 20, 1919, a joint circular issued by the Treasury Department and United States Department of Agriculture shows that in some instances the crops planted in the fall of 1918, and mortgaged to the federal land banks as fiscal agents of the government under the plan for the assistance of farmers in drouth-stricken areas, have been totally destroyed by winter killing or other causes, or so nearly so as to render the crops failures. Under these conditions the farmers were given permission to plow up their land and plant it to other crops, if they were able to raise funds sufficient to purchase the seeds. Many of them already

having reached the limit of their credit, it is evidently only a question of time when they will have to abandon their farms. The danger of undertaking to farm in semi-arid regions cannot be too strongly emphasized in the face of the present tendency to encourage demobilized soldiers to take up agriculture for a living.

Unusual Features of Farm Mortgage Credit

With the establishment of the federal farm loan system new features of reform in farm finance were introduced in the United States. While instituted primarily to help the small struggling farmer to procure cheap credit, the system also benefits the investor and mortgage banker as much as it does the borrower. By cooperative borrowing, farmers themselves assist in furnishing credit to fellow farmers. From this point of view, the rural credits movement has in the federal farm loan system one of the most interesting plans ever formulated of financing farmers and of aiding money lenders at the same time.

Two kinds of land banks are created by the farm loan act. The first are the federal land banks, which were capitalized mainly by the government. This class of land banks, of which there are 12 in the United States, can only make loans to farmers through local farm loan associations composed of not less than 10 members. They operate in their

own districts, which were defined by the farm loan board.

The other class of land banks is organized and operated by private capitalists. They are distinguished by the name of joint stock land banks and can make loans to individual farmers only. They operate in the state in which they have their principal office and in one contiguous state. That is, a joint stock land bank can operate in any two contiguous states of its own selection.

Both classes of land banks can make loans only on first mortgage on farms or farm lands up to 50 per cent of the appraised value of the land and 20 per cent of the appraised value of the permanent insurable improvements. They may charge interest as high as 6 per cent, but are prohibited from charging a commission on loans under any pretense whatsoever.

In procuring a loan of a federal land bank, each borrower is obliged to subscribe for stock in his association to the amount of 5 per cent of his loan; and the association in turn has to subscribe for a similar amount of stock in the federal land bank. Indirectly, then, each farmer who borrows of a federal land bank increases its capital to the amount of 5 per cent of his loan. On the other hand, a borrower of a joint stock land bank has to make no subscription to its capital stock.

Besides the original capital of the two kinds of

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land banks, they procure money to lend to farmers by the issue and sale of bonds. The first mortgages taken on farms by means of loans made from the original capital are pledged as security for a bond issue equaling their amount in value. When these bonds are sold, the proceeds are again loaned to farmers and other first mortgages on farms taken as security. These mortgages are again in turn pledged for another bond issue. The federal land banks and joint stock land banks are given power to issue bonds up to 20 times and 15 times their capital and surplus, respectively.

Since each borrower of a federal land bank increases its capital to the amount of 5 per cent of his loan, provision is thus made by the issue of bonds to 20 times the capital to procure \$1,000 to lend for every \$50 of stock subscribed. The law, however, limits the differential between the interest rate on farm loan bonds and the rate of interest on mortgages to 1 per cent. That is, if bonds are issued at $4\frac{1}{2}$ or 5 per cent interest, the rate of interest on farm mortgages in the former case cannot exceed $5\frac{1}{2}$ per cent and in the latter case 6 per cent, which is the maximum rate permissible under the act. But by the issue of bonds and this differential of 1 per cent, the federal land banks are able to receive a gross income on their capital of 20 per cent and the joint stock land banks of 15 per cent.

Another unusual feature is that first mortgages

executed to the two kinds of land banks and the farm loan bonds issued by them are held to be instrumentalities of the government of the United States, and as such both mortgages and bonds, as well as the income therefrom, are exempt from federal, state, municipal and local taxation.

The great advantage of this provision to the federal system of making farm mortgage loans is now quite generally recognized. With a lower interest rate granted to borrowers,—with the mortgages, bonds, and income from them exempted from taxation,—a great inroad has been made in the farm mortgage business of insurance societies and mortgage companies. This business with renewals is estimated in volume at about \$400,000,000 a year. During the twelve months ending November 30, 1918, the federal land banks alone had made new loans amounting to \$117,628,206. As the joint stock land banks increase in number, they too may be expected to do a large business in farm mortgage loans.

In attempting to work out a system of mortgage credit for soldiers and sailors, the federal farm loan system could be taken as a working model. But as it stands to-day, it would not be adapted to their needs. The term of the loan is not sufficiently long nor is the rate of interest low enough for those about to take up farming. A system for soldiers should be developed to give them the fullest benefits possible. Both the federal land banks and joint stock

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land banks benefit more from this system than do the farmers who borrow. The saving to the farmer is the difference in the present interest rates of $5\frac{1}{2}$ or 6 per cent and that which they would have to pay if the federal system was not in existence. This saving in interest rates averages probably 1 or 2 per cent a year. But the gain to the land banks is the difference between the usual rate of 6 or 7 per cent interest received for farm mortgage loans and the gross income of 15 to 20 per cent received through the sale of bonds. The gain to the joint stock land banks will be about 8 per cent on their invested capital and surplus, while to the federal land banks the gain is at least 12 per cent. These gains are based on the assumption that these classes of banks are able to sell their bonds up to the limits provided by the farm loan act.

In illustration of the advantages of this plan of providing money for establishing soldiers on the land and thereby encouraging agricultural development, let us compare the capital of the land banks with the volume of loans made as a result of selling bonds based on farm mortgage security.

On February 1, 1919, the total capital of the 12 federal land banks amounted to \$17,287,311, of which \$8,765,415 was subscribed by the government, \$8,419,840 by farmer borrowers, and the balance of \$102,056 by non-borrowing individual subscribers. But farm mortgage loans had been made to the

amount of \$168,213,931, or nearly 10 times the capital.

Similar data for 9 joint stock land banks to December 1, 1918, are total paid-in capital \$2,375,000, and mortgage loans made amounting to \$7,289,600, or more than 3 times the capital.

But all of the latter class of banks have been doing business a much shorter time than the federal land banks, many of them having only recently been chartered, they are operated entirely by private capital, and they have to sell their own bonds to private investors. But by an amendment to the farm loan act, the Treasury is authorized to buy the bonds issued by the federal land banks, and on April 1, 1919, there were owned by the government farm loan bonds to the value of \$88,920,000.

While chartered land banks are able in this way to multiply their capital and surplus enormously in order to make loans to farmers, insurance societies, mortgage companies, and individuals accustomed to lend money on farm mortgages are restricted to the actual number of loans that can be made with the money in hand, since they cannot create a revolving fund by the issue and sale of bonds. It is this great advantage accorded both federal and joint stock land banks, in addition to the tax exemption feature of farm loan bonds, which makes this system unique as a means of supplying money for agricultural credit.

A Federal System for Soldiers

The foregoing facts and figures plainly indicate that private sources of capital would not be adequate to finance land settlement by soldiers and sailors on an extensive scale. The applications for loans by actual farmers are now so numerous that the federal agencies established by the farm loan act cannot supply the demand month by month. There is every indication that soldier settlers will be in still greater need of capital. The letters which come from soldiers in camp at home and abroad contain inquiries as to the plan the government may have formulated for enabling men to equip their farms after they have settled upon the land. While no definite plan has yet been formulated, it is generally conceded that the federal farm loan system is most suggestive if it were modified to meet the requirements of soldiers who are not likely to possess much capital. Australia, New Zealand, Canada, and other countries have requested information on the subject with a view of establishing a farm mortgage credit system for their returned soldiers who desire to take up farming as a life work.

The advantages of a bond-selling system are that it requires a comparatively small amount of original capital while accommodating a much greater number of borrowers. As previously pointed out, the primary effect of the bond-selling function is to in-

crease the number of farmers whose labor and capital can be utilized in the production of agricultural wealth. Thus, on February 1, 1919, the federal land banks had made loans to 71,204 farmers for \$168,213,931, or an average loan of \$2,362. If these banks in making loans had been limited to their capital, they could have made loans to 7,320 farmers only on the basis of the loan average instead of to 71,204. The difference of 63,884 farmers is the increased number who have been accommodated with loans as a result of the privilege of issuing bonds on farm mortgage security. When the limit of the privilege has been reached, for every farmer to whom a loan has been made from the capital of a federal land bank 20 other farmers can be accommodated by means of the funds derived from the sale of bonds; and in the case of joint stock land banks the number that could be accommodated would be 15 farmers.

But if soldiers are to become farmers and remain on the land, the first condition of success is a low interest rate. A high interest rate can only be paid out of the toil and sweat of the borrower. The money would be borrowed, no doubt, to erect buildings, make improvements, and purchase capital equipment. With every returning six months or year the inexorable toll of interest has to be paid no matter what harvest has or has not been reaped. In the meantime the buildings, improvements and equip-

ment are depreciating in value and must sooner or later be repaired or replaced. This means a new loan and an additional burden unless fortune has smiled upon a farmer's efforts more than usual. But under ordinary conditions of farming a high interest rate for the average soldier settler would mean a long period of enslavement to the money lender. For this reason there is little prospect of benefit to the returned soldier in procuring a loan under the federal farm loan system.

Our soldiers and sailors would not be more likely to succeed as farmers than those now engaged in agriculture. With a uniform and comparatively low rate of interest prevailing all over the United States, many of the borrowers under the federal farm loan system have been unable to pay their instalments on loans, notwithstanding the easy amortization plan of repayment. The total delinquencies on February 1, 1919, were \$83,384, and 10 of the 12 federal land banks have such defaulted instalments. In the face of the material risks of a very precarious industry, farmers find their financial burdens difficult to bear. Many of the more intelligent farmers are beginning to realize that they have not benefited as much from the system as they anticipated. They now complain that, if assessments are levied to pay the expenses of their associations, they practically are equivalent to the commission formerly charged for making or renewing a loan every

few years; and that the lack of dividends on their stock in the associations adds somewhat to their rate of interest. On the other hand, it must not be forgotten that to the masses of farmers who were formerly paying 8, 10 or 12 per cent interest on loans, the federal farm loan system has been a veritable blessing and the only hope of their financial salvation. Evidently, then, with the great problems of reconstruction before the American people, a low interest rate on loans to soldiers is absolutely imperative if they are expected to establish themselves firmly on the land.

Besides interest payments on loans, there is the question of the upkeep of the farm, which a landowner must ever face. This is true even where loans run as long as 35 or 40 years as under the federal system. Improvements and capital equipment will have depreciated in value and, in many instances, will be in need of renewal long before that time has elapsed. But the regular instalments on loans must be met no matter how destructive the season has been to crops and live stock or how much has been expended for the upkeep of the farm.

And, lastly, there is the matter of increasing taxation which a landowning soldier farmer must face. With the Secretary of the Treasury asking authority of Congress to issue government obligations in almost incomprehensible figures, saying that the public needs will require at least \$18,000,000,000 for the

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fiscal year of 1919, and probably \$10,000,000,000 for 1920, any delusion we may have entertained for a prompt decrease in taxation, now that hostilities have ceased, has been rudely dissipated. The American farmer must face the prospect of increasing taxation with a cheerful countenance the same as all other taxpayers. These are the mortgage credit problems which face our soldier settlers as a result of the burdens of interest, depreciation of capital equipment, and increasing taxation.

Evidently, the problem of land settlement by soldiers cannot be satisfactorily solved apart from a legislative program that will provide special credit privileges not afforded by existing private or public agencies. The preceding pages have brought us face to face with the two chief social forces, namely, high interest rates and increasing taxation, which have played their part in holding back the progress of agriculture. Fortunately, they are both within legislative control. One force may be regarded as a toll on labor and the other as a toll on capital. But farming is a unique industry, for a farm is both a home and a factory. On the farm there is and can be no conflict between capital and labor, for the farmer who cultivates his own land is both worker and employer. As such the toll of interest and taxation is taken from the one individual, thus making the farmer's burden harder to bear alone.

With the progress of society there has been an

ever-growing toll taken from the products of both labor and capital. If labor fails to perform its task and capital lies idle so that wealth is no longer produced by their cooperation, nevertheless the interest on borrowed money and the taxes on property values must be paid. This is the present way of the social world and it cannot be radically changed without threatening the very foundations of civilization.

Has not the time come, therefore, for rural and urban populations to stop long enough in their ceaseless toil and turmoil to ask themselves the question—What is the remedy for rural depopulation and urban over-population which create a scarcity of labor on farms and unemployment in cities? And if the facts here presented warrant any answer it is this: That interest rates on farm loans and on city property must be lowered and that political paternalism must be immediately checked.

Unless these results are soon accomplished, the glories of democracy may not unlikely pass into the shameful semblance of incipient anarchy. It has taken centuries of exploitation to bring the social world to its present chaotic condition; and progress toward an ideal state of social justice and financial equity must also be made step by step. Evolution is progressive development toward a higher social life. These are the lessons which a study of rural credits presents to a world waiting to behold the dawning of a better and a happier day.

CHAPTER XIII.—THE RECONSTRUCTION OF AGRICULTURE AND ITS RELATION TO NATIONAL WELFARE

My task is nearly done. In the preceding pages an attempt has been made to point out the place of agriculture in the great problems of reconstruction which will perplex our own people as well as the nations of the world for the next ten years. The last step is to trace a little more fully the relation of agriculture to our national welfare.

In dealing with this phase of the subject it must be borne in mind that men toil to provide themselves and their families with food, fuel, clothing and shelter. All the absolute needs of life are included in these four terms. But then there are economic and social phases of rural life which add to the inducements to labor and lead to saving and the accumulation of wealth. Progress in civilization means just rewards for the labor of production, security in the possession of one's property, attractive and healthful home surroundings, and the advantages of education. If farming and rural life can not be made profitable, healthful and attractive, men with their families will be apt to seek improve-

ment in their economic, domestic and social relations in towns and cities where the prospects of securing better and easier conditions of life at least seem to be offered to our rural population.

Improvement of Rural Life Conditions

Fundamentally, the problem of agriculture centers in making farming more profitable. If farmers produce wealth from the soil in sufficient abundance to provide themselves and their families with the necessities and comforts of life for which men strive, and if they are not unduly exploited financially and politically, they will as a rule fit their homes with modern conveniences which make domestic life pleasanter, and will add to the attractiveness of their surroundings with paint and brush, with shrubs and flowers, with lawn and garden—in short will aim to soften the drudgery of farm work with natural and artificial pleasures which attract the eye and appeal to the esthetic side of human nature. But neither farmers nor any other class of wealth producers can cultivate their minds and raise their standard of living if a great part of their time has to be spent in earning a mere living either from the soil or otherwise. If farming can be made more profitable, then all those things will be added to rural life which put to shame for their real uplifting influence the so-called “attractions” of town or city life.

For many years a program of reconstruction in

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agriculture and rural life has been conducted in all its economic and social phases. This is not now a post-war program and, so far as the United States is concerned, is in no way connected with the European war. The need of improvement in rural life conditions was earnestly realized fifteen or twenty years ago. By degrees the program has been enlarged to take in problems of production, marketing, purchasing supplies, transportation and finance in the economic phases of farming; while the social phases sought improvement in education, sanitation, recreation, beautification and domestic economy. To-day every effort is being made by our state colleges of agriculture to carry these economic and social advantages into every rural community. And yet, in the face of all these efforts, hundreds of farmers are annually leaving farm life to take up other pursuits or are being driven from their farms because of the unprofitableness of their labor and capital employed therein.

It is useless to attempt to induce men to carry on farming operations if they cannot make a decent living thereby for themselves and their families. Farmers could not enjoy the economic and social advantages enumerated above if they have to labor continually from morning till night and every day in the week to earn a poor living at the best. It is only a mockery to talk improvement of rural life conditions if they cannot be realized even with the most

strenuous efforts that a farmer can put forth. And this is the actual state of affairs with thousands of farmers all over the United States. It is fundamentally a struggle for a comfortable existence and there can be no sound rural life policy until this result has been accomplished.

There are only two ways in which this result can be brought about, namely, by making the soil more productive or by lightening the financial and political burdens affecting agriculture. But increasing the productivity of the soil to any great extent, with a shortage of fertilizers and in the face of natural forces, will not be apt to bring farmers a much larger income. All the economic and social projects formulated for improving rural life conditions may either be carried out by the farmers themselves provided their income is sufficient for the purpose, or, if carried out under state supervision and control, add to the farmer's burden by increasing his taxes. The promotion of rural education, domestic science, and farm finance means improved living conditions perhaps, but they cannot be carried on in any rural community without cost. To meet this condition most satisfactorily is to enable farmers to reap larger rewards from their labor and capital and to lower the toll of interest and taxes annually taken from their income. These seem to be the ultimate means of solution of the rural life problem.

No intelligent farmer looks for any great change

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in the working conditions of his business. It is an industry not regulated on a factory basis. The raw materials of production are not brought and stored in warehouses ready to be worked up into objects of wealth as the market demands rise and fall. But the farmer must plow his fields and sow his seed as the season favors; he must reap his crops not when he wills but when they are ready for the harvest and only then if natural conditions are favorable; and he must care for his live stock every day of the year. A farmer's working hours are regulated not by an employer in agreement with his employees by collective bargaining, but by the inexorable laws of nature, which know no rest and provide no holidays. The man who chooses farming as a means of livelihood must expect to work hard, and long, and have irregular hours of service. The inducement to accept such conditions of labor is the hope of reward which rises eternal in the human breast. If this expectation is not realized, the ambition to work is removed. This is another aspect of farming which must be faced in attempts to improve rural life conditions, for there are some things which cannot be brought within the regulatory functions of the state or nation.

The Wealth of Agriculture

But where the state can exert an influence for the improvement of rural conditions it is its plain duty

to do so because of the absolute dependence of the population upon the products of agriculture. The amount of wealth annually produced from the soil is seldom realized, nor is there any just conception of the extent to which the products of the fields enter into the industrial and commercial life of a nation. There are fruits, vegetables, cereals, meats, milk, poultry, butter and eggs, which form the staple foods for every home in the land; there are flax, hemp, cotton and wool, which form the raw materials of the textile industries; there are hides for shoes and other leather goods; lumber for houses, barns, buildings, and many other uses—in short, no industry produces such a variety of goods which are so essential to the life and well-being of all the people.

The value of farm products annually raised staggers the imagination. It is estimated not in millions but in billions of dollars. For the year 1918 the crops and live stock on farms were valued at nearly twenty-five billions of dollars. And still the nation does not grow wealthy because most of these goods are consumed as fast as they are produced or within a short time thereafter. They are the energizing force of individual and national life; without them mankind would perish from the face of the earth. They help to keep the wheels of transportation in motion and supply the raw materials for many manufactures. In the reconstruction problems which are before us and which will continue to arise, the place of agri-

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culture is in the front rank for friend and foe alike. The wealth created by farming provides all four essential needs of life—food, fuel, clothing and shelter. It is the only industry which is so generally useful to mankind. And agriculture will not only continue to lavish her wealth to sustain and comfort mankind for a day or a year, but for ten years, a hundred years, for all time.

The relation of this great industry to our national welfare deserves at least a passing notice. Not only do many food products enter daily into every home, but all have to be transported on land or by water—in wagon, railroad car, or steamship—from the rural districts to every hamlet, town and city throughout the land. Being in bulk they require vast numbers of carrying vehicles to bear them from one part of the country to another, and this means the employment of thousands of men in the transportation industries. When they reach their destination, many of the raw food products are finished or manufactured into high-grade goods, such as cheese, flour, cereal products, meats, canned fruits and vegetables, and a hundred other foods which furnish mankind with its daily bread in countless variety. In all these instances which require the finishing or manufacturing of foods and luxuries, men, women and children are employed in great numbers; and in all such cases where foods and farm products are transferred from producer to ultimate consumer there is no increase

in the amount of wealth but in the cost of the goods thus transported and transformed.

This combination of economic and social forces raises the price of foods and affects the standard of living of millions of workers who depend for subsistence on a weekly wage. For the consuming power depends upon the earning ability of the masses of our population. But the consumption of foods in sufficient quantity and variety to properly nourish the human body provides a correct standard of living and means better health and greater happiness. The greater the quantity of foods and farm products consumed the greater will be the demand upon agriculture, and thus the round of life begins and ends in the products of the farm. In a word, agriculture means the health, the well-being, and the life of the race.

But while all the people depend upon the production of food supplies, only a part are directly affected by their transportation, their finishing, and their manufacture. But even here again the number directly and indirectly affected may mount up into the millions. For when there are less farm products to be transported or transformed, there is less demand for carrying vehicles, for machinery, for wood, glass, tin and paper utensils, and for numerous accessories which depend for their use upon raising, transforming and preserving of foods. If the raw products of farms are valued annually at about

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\$25,000,000,000, who can give us an estimate of their value when finally made ready for the use of man? And it is this difference in value which has been created by the varied forms they take when additional labor is applied to them, and by the value of the accessories which transport, transform and preserve them for future use. From the standpoints of food production and food consumption alone, the relation of agriculture to economic and social welfare takes a supreme place among all the industries in the world. For besides the millions of farmers and farm workers directly engaged in the production of foods and food supplies, there are other millions of our population who earn their living by performing work connected with their transportation, manufacture and distribution.

But let us glance at the final distribution of natural and prepared food supplies which requires the employment of hundreds of thousands of workers. The great bulk of natural farm products go through the hands of commission merchants and through them to retail dealers, who sell to consumers. Many of the raw products shipped from orchard, garden and farm are extremely perishable. This feature emphasizes the need for the best facilities for their grading and marketing so as to bring the best returns to the producers and the best goods in the best condition to consumers. The daily call of cities is for fresh milk, poultry, eggs, meat, butter,

fruits and vegetables. But before these food supplies in their natural condition can be delivered at the door of every home, their transportation to the centers of population, which constitute the chief markets, involves long hauls in fast trains especially equipped for just such traffic. Thus railroad cars must be iced and well ventilated in summer and warmed in winter. Great care must be exercised in the handling of such goods, and delivery must be made promptly on arrival at destination or deterioration in food and money value will occur. The transportation of perishable agricultural products as a rule requires numbers of skilled laborers, careful supervision and management, and special service. Thousands of men are employed in moving, marketing and distributing natural food supplies to every household.

But look again at the vast number of people who are employed directly and indirectly in the preparation and distribution of dried and canned foods. There are factories without number with thousands of employees at one end of the process and tens of thousands of grocery stores with hosts of retail clerks and delivery boys at the other end. Grocery stores deal largely in both natural and prepared foods and give employment perhaps to millions of men and women throughout the land. Then there are to be considered those engaged in the mining of tin, the manufacture of glass and tin vessels, boxes,

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bags of various materials, labels for the goods, wrapping paper, string, and many other things—all of which are not only used for the proper delivery of natural and prepared foods into our homes, but the raw materials of which are also largely the product of forest and farm. Let any one walk through the streets of a city and note the number of stores and variety of food supplies offered for sale and think what it would mean to the people who earn their living by the distribution of these goods to consumers if this supply was shut off or diminished to any great extent by crop failure or an insufficient number of farm workers. The economic and social effect would be to throw a large number of people out of employment. Simply to call attention to these commonplace matters of our daily life is to emphasize the great importance of agriculture as a primary industry to our economic, social and national welfare.

Passing from foods both natural and prepared, let us glance at the single farm product, tobacco, which cannot be classed as a necessity, but which probably is more generally used as a luxury than any other thing grown. It is used by rich and poor alike. In 1918 there were raised on our farms 1,266,686,000 pounds of tobacco, having a farm value of about half a billion dollars. When manufactured into the various tobacco products their value mounts up into the billions of dollars. Here again vast factories and small individual firms employ tens of thousands of

workers in the direct manufacture of these goods. Then there are the related industries which produce such accessories as jars, cans, bags, pipes, cigarette paper, matches, and many other things which aid in the marketing and distribution of tobacco and its products. The ramifications of this one agricultural crop into the industrial and commercial world with its hosts of workers make it one of the greatest employers of labor and capital indirectly connected with farm production. It would be an economic and social calamity indeed if the tobacco worm and wilt, if drouth and other natural forces should destroy or even partially ruin this crop for a single season. Unemployment would surely stalk abroad with poverty and distress as its accompanying consequences.

What is true of agriculture in the matter of food and luxuries is equally applicable to the textile, leather, paper, and lumber trades and industries. Here again the raw products from farms and forests necessitate the employment of millions of people and the use of vast quantities of rolling stock, machinery, factories and shipping to prepare and carry raw materials and manufactured goods to our own people and to foreign markets. Think of the vast quantities of hemp, linen, cotton and wool goods manufactured and sold, which enter into every home either as necessities or comforts of life. Think also of the vast number of workers who depend upon the direct manufacture of these articles of use and cloth-

ing, to say nothing of the thousands who earn their daily bread in retailing them to the entire population or who are engaged in commercial houses having to do with their exportation. And again let us think of the large number of persons engaged in the manufacture and sale of harness, boots, shoes, suit cases, bags, purses, and a variety of other leather goods useful and ornamental. But all these forms of wealth made by the transformation of farm products deteriorate by use and need reconstruction or replacement from time to time.

Following out these processes more remotely still, the manufacture of agricultural raw materials into useful and ornamental goods gives employment to a host of miners who are engaged in digging from the bosom of mother earth the coal, iron, and various metal ores now so much needed for the operation of machinery, the manufacture of goods, and the construction of tools and machinery in our modern industries. Forms of wealth innumerable are thus manufactured to be sold at home or shipped abroad. But what would be the use of rolling stock on our railroads if the wealth of agriculture was not produced to be transported? Or what would be the use of shipping if we had no forms of agricultural wealth to carry to the Indies? Is it not plain that agriculture offers a field of boundless opportunity for the employment of labor and has a general relation to our national welfare? And is it not evident that

should agriculture wane our national prosperity would wane also? For these reasons and many others the place of agriculture in reconstruction is to aid in readjusting the labor forces to a peace basis and to prevent unemployment as much as possible, the dread of which at present is the awful nightmare of the civilized nations of the world.

A Vision of the Future

Whither, then, as a nation are we going? Over the brink or on the main road to prosperity? The answer will depend in no small degree upon our future attitude toward agriculture.

Before us lies the immediate task of adjusting the power of the people to the production of wealth. The war has disturbed our economic relations and has involved us in debt, the interest on which must be paid annually, and in due time, it is to be hoped, the debt itself. The latter can be accomplished best by the creation of a sinking fund out of the increased wealth of the nation. But the determining factor of national wealth production is the encouragement of all forms of economic activity—agriculture, industry, trade and commerce.

The foundation of our future prosperity lies primarily in the production of wealth from the soil. That portion of the people who engage in this industry must earn enough to live decently and save enough to meet taxes and interest or the inducements

to labor are removed. And what is true of farm workers is true of all workers engaged in the production of wealth. The nation as a whole has a goal before it, namely, the maintenance of a high standard of living and the accumulation of surplus wealth with which to pay taxes needed to meet interest on the national debt, to create a sinking fund to redeem it, and to pay current public expenditures. On the outcome of these efforts in wealth production will depend the future prosperity of our nation. For the earth and the fulness thereof, with all its marvelous resources for wealth production, is still open to those who will labor. And it is wonderful how the soil will respond to the touch of man in cooperation with nature in providing the means of support for an entire people and in creating the raw materials for many of our economic, industrial and commercial activities. The broad acres of fields and forests still remain the primary sources of wealth production for the sustenance, the comfort, and the welfare of our people.

From the experience of the past we are able to judge of the future. If the wealth of agriculture is produced in greater abundance than before and is devoted to the reconstruction of the normal economic and social life of our people, the elements of progress and prosperity are within our reach. But in this vision it is inevitable that agriculture shall stand in the forefront of national progress. As an industry

it offers the best means of re-adjusting the changed relations of national life in all their complexity. Primarily our population must be fed and clothed, warmed and sheltered. Then with the raw materials of many industries produced by the cultivation of the soil and the raising of live stock, the wheels of numerous industries will turn once more and the people will not suffer long from unemployment during the reconstruction period. Many goods will thus be manufactured for which there is an absolute need and which will give employment to countless thousands of our population.

An abundance of food products is first needed because they are essential for maintaining life and preventing physical suffering. No cry is so distressing as the cry of our hungry children. Our nation and every nation must have bread and meat, fruits and vegetables, butter and cheese, eggs and poultry, and numerous other food supplies which agriculture alone can produce. Then the industrial world will need flax and hemp, cotton and wool, hides and lumber—the raw materials and the finished products of a hundred things which enter into our daily life and furnish us with employment. We must have food twice or three times a day. "Give us this day our daily bread" is no idle prayer. It is the famished cry of the human race; it has been echoing down through the ages; it is the fundamental biological fact of all organic creation; it is the first and the last

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demand of every sentient being which springs into life and enters upon the struggle for subsistence. From its demands no human being can escape. All other forms of wealth are well-nigh worthless as measured by the universal demand for food.

Still, besides the need of food, as civilized beings we must have clothes and household goods and we must have shoes on our feet. But the raw materials for the manufacture of all these goods come from the soil. When worked up into finished products by the application of labor and capital, they enter into our standard of living and furnish us the comforts and luxuries of life. These necessary demands must be supplied and the only means of producing them is by cultivation of the soil.

Not only the demands of our own people must be supplied for all essential goods through the ordinary channels of domestic industry and trade, but the calls of other nations upon our resources will doubtless continue for many years. The outlook for industry, trade and commerce is wonderful if land settlement and agriculture are carefully and properly organized. This is the problem which confronts us. To meet it intelligently and patriotically is not only to provide for the welfare of our own nation, but it will enable us to send surplus food supplies and raw materials of manufactures to other countries. This will encourage commerce as never before in the history of our country.

The call of agriculture, therefore, is imperative. There will be a growing demand for land, labor and capital. The period of readjustment is upon us and will long continue. Our young men, returning to their own land once more, will find agriculture in all its phases ready to enlist their energies in the production of wealth. They may enlist for the growing of food products, the raising of live stock, or the production of raw materials for the textile and other industries. They may again play an important part in peace as in war in supporting their country,—in the reconstruction of our national life.

But this work can not be satisfactorily performed without abundance of land, labor and capital. These are the fundamental factors of wealth production. In relation to the problem of demobilization, which will provide an abundance of labor, the task of future state and federal legislation is to prepare the way for supplying land and capital. The need for rural credits has been enlarged. That need can be measured only by the ability of agriculture to absorb a vast host of laborers who are willing to enter upon farm life and exert themselves in the production of the forms of wealth which satisfy to the utmost our individual and our national needs.

Our task has been to formulate a program of action. To help carry such a program out is a task which should appeal to every intelligent soldier and civilian who has a vision of a progressive nation and

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who is content to play a minor part if need be in the new drama of our unfolding and enlarging national life.

In this drama of national progress and prosperity, the great industry of agriculture must play a leading rôle. With peace restored there will begin a new epoch in the uplift of the human race; a new standard of individual and national life and liberty will be set up. The sword will be sheathed; the plowshare must take its place. Human forces turned from the paths of destruction must be guided into the fields of production and construction. And here we may, if we will, behold a vision of the goddess of agriculture, with outstretched arms, bidding her children welcome to her breasts, for mother Earth stands ever ready to feed and clothe and warm the sons of men with her life's blood.

The best thought of our best thinkers on rural subjects must be given to the development of a program which will meet all these requirements and must strive to put them into practise. Our thinkers must peer into the future; they must feel the need of a new civilization; they must foresee that the way of agriculture leads to national prosperity. To carry out such a program is worthy of the best efforts that true patriotism can bestow upon the task.

This can be done. It should be done without delay. The need is great. The call of our country is imperative. A national program should be devel-

oped, one born of undying patriotism. We owe it to our soldiers, to our country, to long-suffering humanity. Such a program gives us a vision of the future: A better and a wealthier country—a peaceful and a happy world!

Behold! a new agriculture and the earth anew;
With no more war, nor is there sorrow nor crying,
But peace and plenty. 'Twas of this, with sighing,
A vision men have had with everlasting longing.
For now God reigns, with love as His evangel,
And Social Justice pays man's wage in full!

THE END

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